As of 11 a.m. ET **DJIA** 10629.45 ▲ 0.02% **FTSE 100** 5473.48 ▼ 0.46% **Nikkei 225** 10735.03 ▼ 1.32% **Shanghai Comp.** 3172.66 ▼ 3.09% **Hang Seng** 21748.60 ▼ 2.59% **Sensex** 17509.80 ▲ 0.50% **S&P/ASX 200** 4868.13 ▼ 0.64%

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Google threat jolts China Web users

By Loretta Chao And Aaron Back

BEIJING—**Google** Inc.'s threat to walk away from China sent shockwaves through the country's fast-growing Internet industry and prompted an outpouring of concern from Chinese users, some of whom brought flowers to the U.S. firm's Chinese offices in a show of support.

Industry executives and analysts tried to gauge the potential fallout from a withdrawal by the U.S. search giant, which said Tuesday that it will stop censoring its Chinese search site, Google.cn, and may withdraw from the country altogether.

In addition to its search service, which analysts say has an audience of more than 40 million loyal users, Google has a range of other business initiatives and partnerships in China that could be affected by its decision.

The decision also affects local competitors who could benefit from any retreat. Shares of Google's biggest Chinese rival, **Baidu** Inc., surged following the news.

"It's a tragedy if Google pulls out of China," said Xu Hao, a junior studying Japanese at Tongji University in Shanghai.

Li Qin, a student at China Agricultural University, placed a single red rose on the Google logo outside the company's office. "I support what Google does in China," she said. "Now, if they leave, I will be very disappointed. I wanted to express my support for them."

Supporters left flowers at Google's offices in China.

Google's statement, which said the company had discovered massive cyber attacks against itself and numerous other foreign companies that it said emanated from China, jolted foreign businesses that operate in the country.

It prompted quick response from human-rights advocates, who praised Google's statement, and from U.S. Secretary of State Hillary Clinton, who expressed concerns over the allegations.

The Internet giant operates a Chinese-language search engine from Beijing that has similar functions to its international English-language Web site, but which tailors its search and other products like news and maps to the needs of users based in China.

Since Google China is operated locally, the company is required to abide by Chinese regulations, including requirements to filter its content and remove search results related to pornography and politically sensitive content, in order to stay in operation.

Liu Yingqin, a student at China University of Geosciences in Beijing, uses Google Earth and other ser-

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■ Google overturns norms within China 24
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Thousands feared dead in Haiti earthquake

International aid groups scrambled to deliver food, medicine and other supplies to Haiti, where a magnitude-7 earthquake toppled hundreds of buildings and raised fears that thousands were killed. Poor communications hindered efforts to assess damage, but reports heightened concern that the destruction was extensive. Above, residents help an injured man Wednesday in Port-au-Prince. **Page 16.**

Banks, under fire, admit missteps

By Michael R. Crittenden And John D. McKinnon

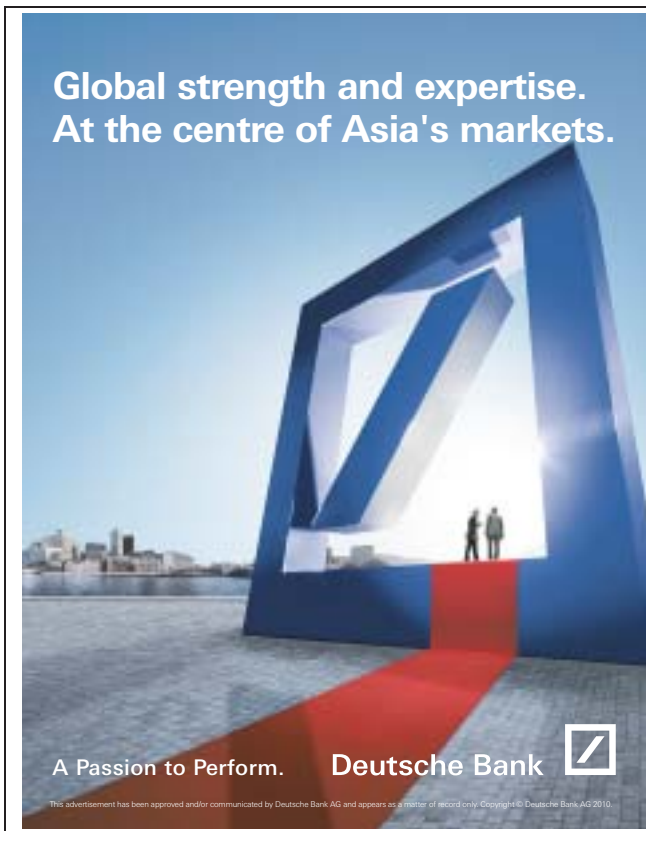
WASHINGTON—Wall Street's biggest banks acted like used-car salesmen knowingly selling lemons to consumers, the head of a U.S. commission investigating the financial crisis said Wednesday, as top U.S. bank executives came under fire on Capitol Hill.

Former California State Treasurer Phil Angelides kicked off the first of two-days of hearings with a heated exchange with **Goldman Sachs Group** Inc. Chairman and Chief Executive Officer Lloyd Blankfein.

Mr. Angelides, a former California state treasurer, jabbed Mr. Blankfein with a series of questions over his firm's business practices in the prelude to the financial meltdown.

What were the firm's most "significant instances" of negligence, Mr. Angelides asked

Please turn to page 5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* * *

Business & Finance

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■ **China told banks** to stop giving commissions to real-estate agents for introducing mortgage customers, as Beijing tries to rein in an overheated property market and unscrupulous lending practices. **17**

■ **India approved steps** to tame rising food prices as output of many agricultural commodities have dropped following low monsoon season rainfall. **4**

■ **U.S. stocks edged higher**, but Google fell on its threat to exit China. Baidu, its chief competitor there, soared. China-related stocks in Asia fell on fears the central bank may tighten policy again. **27**

■ **Cheung Kong agreed** to subscribe to $100 million in shares in Rusal's IPO in Hong Kong. **22**

■ **Société Générale expects** only a slight profit for the fourth quarter of 2009 due to write-downs on real-estate-linked assets and a slump in investment-banking. **22**

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■ **Rambus's suit** against three chip makers for allegedly conspiring to block its technology was set to begin pretrial motions in San Francisco. **19**

■ **East Timor plans** to block a Woodside liquefied-natural-gas project despite the Australian company's pledge that the plan will offer "significant" benefits. **18**

■ **Netflix struck a deal** with Nintendo to allow subscribers in the U.S. to view movies and TV shows over the Internet through Wii game consoles, beginning in the spring. **18**

European Pressphoto Agency

National Bureau of Investigation officials in the Philippines cover the face of a key witness after he gave testimony at the Maguindanao massacre hearing in Manila on Wednesday. The hearing is tackling Mayor Andal Ampatuan Jr.'s petition for bail. Mr. Ampatuan is accused of leading a pre-election massacre of 57 people in the south in November.

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* * *

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■ **Shanghai police concluded** their probe into alleged production of contaminated milk by a Shanghai dairy firm and handed the case to local prosecutors.

■ **India averted** a field-hockey crisis, as authorities agreed to pay players. The country is to host the World Cup next month. **5**

■ **North Korea warned** that it would retaliate against South Korea if Seoul doesn't stop activists from launching propaganda leaflets across their divided border.

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2. The Rise of the Part-Time Smoker
3. Indonesia Wants China Pact Revised
4. Israeli Robots Remake Battlefield
5. China Hits Brakes on Stimulus

Heard on the Runway

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Christian Louboutin has turned out heels in leather and silk, but he's adding a new material to his portfolio: glass.

Continuing coverage

Haiti's strongest earthquake in more than two centuries rocked the Caribbean nation

The Wealth Report

blogs.wsj.com/wealth

Switzerland has for years been fining wealthy drivers more than nonwealthy drivers. Now its wealth-pegged fines have reached a new extreme—the $290,000 speeding ticket.

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Afghan deaths of civilians rise

By Anand Gopal

KABUL—The number of civilians killed by spiraling violence in Afghanistan hit a record high last year, although civilian deaths caused by U.S. and allied forces dropped by nearly a third, the United Nations said, indicating that coalition efforts to cut down on civilian casualties are having an impact on the battlefield.

The number of civilians killed by the Taliban and their allies rose sharply, by about 40%, the U.N. mission in Afghanistan found, according to a survey released Wednesday. The drop in deaths resulting from allied action and the corresponding increase in deaths attributed to insurgents could help Western forces win support from wary Afghans.

The U.N. reported that 2,412 civilians were killed in 2009, a 14% increase from the previous year. An additional 3,566 civilians were wounded. Insurgent attacks were responsible for the "vast majority"—about 66%—of total casualties, the report said.

U.S. and North Atlantic Treaty Organization forces were behind about a quarter of the civilian casualties; about 8% of the casualties couldn't reliably be attributed to either side.

The number of civilian dead paralleled a rise in battlefield deaths over the past year as fresh coalition forces poured into volatile parts of southern Afghanistan to confront the Taliban, and as the insurgents pressed into previously peaceful parts of the country. The number of U.S. and NATO soldiers killed climbed to 520 last year, up from 295 in 2008.

The U.N. report found that most civilian deaths also occurred in southern Afghanistan. But it noted that areas until recently largely unaffected by the insurgency, such as the north, saw an increase in civilian deaths, too.

Of the deaths attributed to the Taliban and their allies, the U.N. found that 44% were caused by suicide attacks and roadside bombs, both now staples of the insurgency. Roadside bombs are often meant for foreign troop convoys but can accidentally detonate when a civilian vehicle passes by.

Yet it is coalition forces that have often come in for the harshest criticism from Afghan officials, including President Hamid Karzai, and Afghan civilians, following a series of high-profile incidents—most of them airstrikes—that resulted in large numbers of civilian deaths.

Afghan officials say such deaths undermine support for the government, and coalition forces have in recent weeks faced a series of angry demonstrations against foreign troops over civilian deaths. The Taliban, for their part, have been quick to capitalize in their propaganda on the reports of civilians killed.

Responding to the criticism and the Taliban propaganda, U.S. and allied military commanders have repeatedly pledged to reduce the number of civilians killed. Over the summer, the top U.S. and NATO commander in Afghanistan, Gen. Stanley McChrystal, issued new rules of engagement that sharply curtailed the circumstances under which allied forces could call in airstrikes, among other changes.

Since the new rules came into force, the proportion of civilian casualties caused by foreign forces has dropped, the U.N. said.

Some experts cautioned that the actual civilian death toll could be much higher because of the difficulties faced in accessing many areas of Afghanistan to collect an accurate tally.

"This is the tip of iceberg," said Mudassir Rasuli, spokesman for Afghan group Against Civilian Casualties, an umbrella organization of groups monitoring civilian casualties. "Every day we are working with families harmed in the conflict whose stories never see the light of day," he said.

Associated Press

An Afghan woman leaves a cemetery after mourning in Kabul on Friday.

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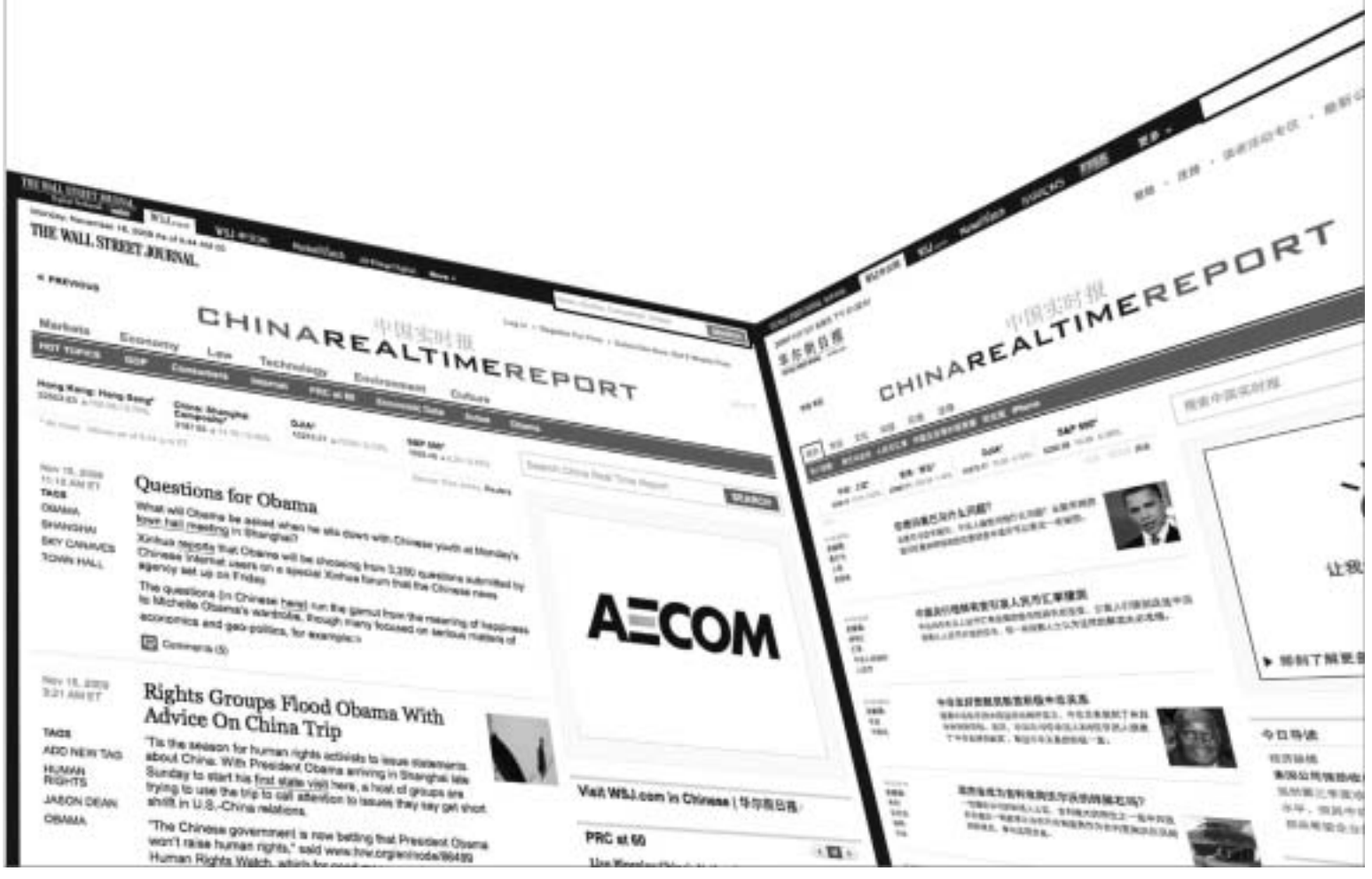

WORLD NEWS: ASIA

Entrepreneur to lead JAL's revamp

Inamori, a revered business guru and maverick, will work with government on turning around the troubled carrier

By Daisuke Wakabayashi And Atsuko Fukase

TOKYO—**Japan Airlines** Corp.'s restructuring will be spearheaded by one of the country's most revered entrepreneurs and management gurus, Kazuo Inamori, a man whose biography and style offer a stark contrast to the hidebound managers who have led the troubled airline in the past.

Mr. Inamori, who turns 78 years old next week, is well known in Japan for a rags-to-riches story that includes the founding of two blue-chip Japanese companies: electronics component maker **Kyocera** Corp. and No. 2 telecommunications carrier **KDDI** Corp.

After meeting with Japan's state-backed turnaround body Enterprise Turnaround Initiative Corp. and Prime Minister Yukio Hatoyama Wednesday, Mr. Inamori said he accepted the CEO post at JAL.

ETIC has proposed that JAL file for bankruptcy protection and is expected to announce its official decision next week, according to a person familiar with the matter.

News of Mr. Inamori's appointment came on another day of market turmoil for the airline, whose share price plummeted 81% to 7 yen (8 U.S. cents) per share, as investors dumped the stock on expectations of an imminent delisting. The trading volume on JAL shares was the largest-ever for any single stock in the history of Tokyo Stock Exchange.

Worried about a vicious circle of bad news and falling confidence from passengers, suppliers and customers, ETIC issued a special public statement Wednesday evening saying that "JAL's operations will continue" and that the quasi-governmental body would ensure sufficient funds to "allow daily, normal flight and other operations."

Mr. Inamori himself told reporters: "JAL has the ability to revive itself should it proceed steadily with its reform measures." He didn't comment on specific plans for the company.

Associated Press

Kazuo Inamori spoke to reporters prior to talks with the transport minister.

Mr. Inamori has no airline industry experience, but government officials see his maverick style as a crucial element in turning around the carrier.

Haruka Nishimatsu, the current CEO of JAL, says his hobby is golf—a pastime that is *de rigueur* for any Japanese executive. But Mr. Inamori breaks the mold of the typical Japanese salaryman: at 65, upon retirement, he became a Zen Buddhist monk. An author of 11 books about his life and his executive experience, Mr. Inamori champions a management philosophy that blends religious teachings ("Respect the divine and love people") with business cliches ("Maximize revenues and minimize expenses").

He advocates a management philosophy known as "amoeba management," a method of dividing the company into small, self-contained units all working toward the common goals of the company. Each "amoeba" unit makes its own plans and must be fiscally self-sustaining with definable revenue, as Mr. Inamori has described it.

Mr. Inamori was chosen for "his charisma, which encourages employees to become flexible and self-confident," transport minister Seiji Maehara told reporters, according the Nihon Keizai Shimbun newspaper, citing his success in creating two major companies "in a single generation."

Local media had tipped Mr. Inamori as a potential CEO candidate due to his close ties to the newly powerful Democratic Party of Japan. While most business executives backed the long-ruling business-friendly Liberal Democratic Party, Mr. Inamori was a rare public supporter of the DPJ among Japan's big business community when the center-left party surged to power last year. He was the sole business speaker at a DPJ convention in 2008, joined by a labor leader, a music composer and a journalist.

Mr. Inamori has become a trusted adviser to the new administration, which was formed in September, and serves on a DPJ committee to reduce "wasteful" fiscal spending.

Mr. Inamori, who ranks 28th on Forbes' 40 richest Japanese with an estimated net worth of $920 million, is especially close to the DPJ's powerful secretary-general, Ichiro Ozawa, who has called him "the person I respect most."

Along with **Honda Motor** Co. founder Soichiro Honda and **Sony** Corp. co-founder Akio Morita, Mr. Inamori is considered one of Japan's great postwar entrepreneurs, and his appointment would lend credibility to JAL's turnaround efforts. Over the past decade, JAL has received numerous injections of taxpayer money to save the cash-strapped carrier.

By selecting a manufacturing executive with no major aviation experience, the turnaround body is pinning its hopes on a manager with a fresh perspective to implement the type of dramatic changes that haven't taken place under JAL's past four presidents, all of whom have been life-long employees of the embattled carrier.

"He's a total outsider and maybe that's a good thing," said Geoffrey Tudor, a former JAL employee and now a principal analyst at Japan Aviation Management Research. "Someone of his proven ability and proven record may give the employees there confidence."

Takahiko Kishi, an airline analyst at Mizuho Investors Securities, warned that "there are some concerns about his age and lack of experience in the industry" but said he was also hopeful because of his track record of building up Kyocera from nothing.

Long retired from the companies he founded, Mr. Inamori is prominent on the lecture circuit, and he still serves as honorary chairman at Kyocera. He also sits on the board of directors at a few Japanese companies including women's underwear manufacturer **Wacoal Holdings** Corp. and **Willcom** Inc., a provider of personal handy-phone systems.

What makes Mr. Inamori's story so compelling in Japanese business circles is that he managed to be successful without many of the connections and family ties that helped many of Japan's postwar entrepreneurs.

Born into poverty, his family home and his father's printing shop were destroyed in World War II air raids. In that same year, at 13, he contracted tuberculosis, which was considered a death sentence at the time.

He attended the local Kagoshima University and accepted a job at a small Kyoto company making insulators. Mr. Inamori would quit a few years later in a disagreement with management and start his own company, Kyoto Ceramic Co., with a three-million-yen loan.

When Japanese companies were hesitant about buying parts from the little-known company, later renamed Kyocera, Mr. Inamori made deals with American companies such as **International Business Machines** Corp. and **Texas Instruments** Inc. As demand for electronics ballooned, Kyocera cornered the market on ceramic casings for semiconductors and accounted for about two-thirds of that global market by the mid-1990s.

Kazuo Inamori

Born: Jan. 21, 1932 (77 years old)

- Founded Kyoto Ceramic, later renamed Kyocera, in 1959 with a ¥3 million loan.
- His family home and his father's printing factory were destroyed in World War II air raids.
- Ranks #28 on Forbes's list of richest Japanese, with an estimated net worth of $920 million.
- Became a Buddhis monk after retiring from Kyocera at the age of 65.
- Founded telecommunications company DDI in 1984, which would later become KDDI, Japan's number-two telecoms carrier.
- Close ties with Democratic Party of Japan's powerful Secretary General Ichiro Ozawa.

India approves steps to cool food prices

By Rajesh Roy And Banikinkar Pattanayak

NEW DELHI—India's government Wednesday approved a slew of measures to tame rising food prices and boost local supplies, as output of many agricultural commodities has dropped following the lowest monsoon season rainfall in 37 years.

The government, worried by rising food prices, will put larger quantities of grains up for sale from federal stockpiles in the next two months, extend deadlines for tax-free imports of white sugar and sales of subsidized edible oil under its welfare programs, and ask state-run agencies to step up imports of pulses.

The measures "will help cool food prices," Sharad Pawar, the federal agriculture minister, told reporters after a cabinet meeting.

He said he expects sugar prices to decline in the next 10 days after the rules are implemented.

Local wholesale sugar prices have risen more than 20% to 40,000 rupees ($877) a metric ton in the past two months due to a shortfall in production for a second consecutive year. Some television channels are quoting sharply higher retail prices at 50 rupees a kilogram.

India, the world's largest sugar consumer and currently the leading importer, needs 23 million tons annually, but it is expected to produce about 16 million tons in the sugar crop year ending Sept. 30.

To ensure continuous availability, white sugar will be allowed to be imported at zero duty until Dec. 31, 2010, Mr. Pawar said. The tax-free import deadline was earlier set at March 31.

The government also changed a rule to help millers in Uttar Pradesh, the country's second-biggest sugar producing province, to process imported raw sugar in other provinces, skirting a ban on supplies of imported raw sugar imposed by the provincial government in November to quell protests by farmers. About 900,000 tons of imported raw sugar is lying at ports, Mr. Pawar said.

Finance Minister Pranab Mukherjee, underscoring efforts to ease inflationary pressures that threaten a nascent economic recovery, said the government will sell surplus staples in the open market. "The price rise in rice, wheat, pulses, vegetables is primarily a supply side issue that needs to be collectively addressed both in the short and the medium-to-long term," he said at a meeting with provincial finance ministers.

Reuters

Indian authorities are making more grain available for public sale.

Inflation as measured by the country's benchmark food price index was at 18.22% from a year earlier on Dec. 26, close to an 11-year high. The Indian monsoon season runs from June to September.

Several state-run agencies have stepped up efforts to push grains held in reserve to the open market in a bid to ease prices.

Food Corporation of India plans to sell 850,000 metric tons of additional wheat into domestic markets from federal grain reserves that had been earmarked for sales through provincial governments.

The cabinet also extended a deadline for subsidized edible oil sales under the welfare program by seven months to October to boost local supplies.

The country is the world's second-largest consumer of edible oils and meets more than half of its requirements through imports from Indonesia, Malaysia, Argentina and Brazil.

—Abhrajit Gangopadhyay contributed to this article.

WORLD NEWS

India field hockey deflects a crisis

After boycott by national team, a corporate sponsor agrees to pay players for World Cup tournament's host nation

By Vibhuti Agarwal And Arlene Chang

NEW DELHI—India's field-hockey authorities agreed to demands to pay players on the national squad Wednesday, narrowly averting a crisis that would have embarrassed the host nation for the hockey World Cup next month and the Commonwealth Games later this year.

The national 22-man squad had boycotted training in the western city of Pune for the past several days over demands that they be paid for past victories and strong performances in competitions and international matches.

Hockey India, the sport's governing body here, had said it lacked the funds to meet the demands—which totaled about $7,000 a player—and instead offered a payment of $500, which the players rejected. Hockey India's chief, A. K. Mattoo, had accused the players of being greedy and putting money before country.

After Indian conglomerate Sahara India, which sponsors the team, said it would release $200,000 to be distributed among the striking players, they agreed to return to the training field for the World Cup, which is being hosted by New Delhi from Feb. 28 to March 13.

The company said in a statement Wednesday that it had decided to pay the funds "only for distribution to the players so that they can peacefully play for the country."

Former Indian hockey star Dhanraj Pillay and the president of the Indian Olympic Association, Suresh Kalmadi, also played roles in brokering peace between the players and Hockey India. Absent an agreement, Hockey India had threatened to staff the World Cup with a reserve team.

"We have assured [the players] of full support and will work for the success of the World Cup," Mr. Kalmadi said during a news conference.

"The crisis is over," he added. "Hockey is our national game, it cannot be a national shame. I am grateful for everyone who came forward to resolve the crisis."

India also is host to the Commonwealth Games later this year, and a crisis that interfered with its hosting of the hockey championship could have had negative reverberations on the country's image.

Mr. Kalmadi said that all of the players' demands have been accepted and that the team will be paid their dues at the earliest opportunity. The new board of Hockey India, which is to be elected in February, also will introduce a grading system for payment in the sport, depending on a player's experience and performance.

"We are happy about the assurance from Hockey India," said senior player Prabhjot Singh on Wednesday.

Earlier, Indian Sports Minister M.S. Gill appealed to the players to "immediately join training, and continue so, with full heart, till the [World Cup] tournament, and focus to win it."

Hockey fans, however, called the agreement a short-term settlement and remain worried about the game's future in India, where the government bestows huge cash awards on cricketers after tournament victories but has long overlooked hockey's success.

Associated Press

India's Prabhjot Singh, right, controls the ball against Japan in May.

"I don't think this is a permanent solution for either Hockey India or Indian hockey. There has to be a lot more dialogue on both sides and a long-term solution to the problem, or else it will be status quo," said 28-year-old hockey fan Sameer Gurjer in Mumbai.

Hockey was introduced to India by the British Army in the 1800s, and India joined the International Hockey Federation in 1927.

From 1928 to 1956, the men's team won six consecutive Olympic gold medals for field hockey; it won again in 1964 and 1980. The next most successful men's teams, Germany and the Netherlands, have won three golds apiece. But the Indian team failed to qualify for the 2008 Beijing Olympic Games.

The Indian Olympic Association sacked Kanwar Pal Singh Gill, who had headed the sport's then-governing body, the Indian Hockey Federation. The association also replaced the federation with a new body, Hockey India, with a mandate to rebuild the sport to its former glory.

India, however, managed to secure a place in the World Cup this year only by serving as the host of the field-hockey championship.

Banks admit mistakes

Continued from first page

at one point. Has the firm conducted internal studies of the mistakes it made? He asked a moment later. What about the firm's practice of betting against some of the subprime mortgage securities it was selling to investors? Wasn't that a conflict of interest for the firm?

Some of the questions appeared to catch Mr. Blankfein off guard.

Mr. Blankfein said Goldman didn't have a legal obligation to disclose when it was betting against the securities it was selling.

"We are not a fiduciary," he said at one point.

"Sounds a little bit to me like selling a used car with faulty brakes, and then buying an insurance policy" on the driver, Mr. Angelides replied.

Mr. Blankfein repeatedly interrupted Mr. Angelides to clarify his answer.

"This is one of the most critical questions," he began, his voice rising. He explained that Goldman has obligations to disclose what it's selling, but not in effect to make sure buyers make money.

"That's what a market is," he said.

"I do know what a market is," Mr. Angelides replied.

The two clashed for roughly 10 minutes, frequently interrupting and speaking over each other. Mr. Blankfein at one point said "Let me ask you a question"—a breach of etiquette in congressional hearings—before being cut off by Mr. Angelides.

"I wish we were much less leveraged then. Would I do something differently knowing what I know now? ... How could I not?" an exasperated Mr. Blankfein responded.

The exchange set a combative tone for the public debut of the Financial Crisis Inquiry Commission, a bipartisan, 10-member panel created by Congress to investigate and report on the financial crisis.

Top Wall Street executives started Wednesday's testimony on a conciliatory note, saying their institutions made mistakes that helped lead to the 2008 financial crisis. But they warned in testimony before the bipartisan commission that policy makers shouldn't limit the size of financial entities.

"Without trying to shed one bit of our industry's accountability, we would also further our collective interests by recognizing other contributing causes to the severity of the crisis," Mr. Blankfein said in prepared testimony.

J.P. Morgan Chase & Co. Chairman and Chief Executive Officer James Dimon said Wall Street and policy makers need to be "brutally honest" about the causes of the financial crisis, and said the country cannot repeat the events of 2008.

"No institution, including our own, should be 'too big to fail,' " Mr. Dimon said.

Like his rivals, **Morgan Stanley** Chairman John Mack struck a conciliatory tone in the face of public frustration with reports of Wall Street profits and expectations that banks will pay billions in bonuses.

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WORLD NEWS

Nigerian anger at the U.S. increases

After failed bomb attempt on airliner, inclusion on air-travel watch list spurs backlash in oil-producing nation

By Will Connors

ABUJA, Nigeria—The alleged attempt by a Nigerian man to detonate a bomb on a U.S.-bound flight has frayed Nigeria's diplomatic ties with its No. 1 buyer of oil: the U.S.

Nigerian Foreign Minister Ojo Maduekwe said the country doesn't want to alienate its "traditional partners," but when the U.S. Transportation Security Administration recently included Nigeria among 14 countries of interest—an effective security watch list—officials and politicians in the West African nation were incensed.

"The goodwill America enjoys here is tremendous," Mr. Maduekwe said in an interview. "Was there no way of dealing with security concerns without putting that goodwill in jeopardy?"

The move, which followed Nigerian Umar Farouk Adulmutallab's alleged attempt to blow up a flight to Detroit on Christmas Day, means that Nigerians traveling to the U.S. will face increased security screenings upon arrival. Mr. Abdulmutallab has pleaded not guilty to the charges against him.

Nigeria is the fifth-largest exporter of oil to the U.S. But Nigerian officials lately have said Washington's moves risk pushing the West African nation closer to China and Iran.

The diplomatic sparks have added to tensions in Nigeria, where there is an active antigovernment militancy and mounting dissatisfaction with the long absence of an ill president. On Tuesday, hundreds of Nigerians protested President Umaru Yar'Adua's prolonged convalescence in Saudi Arabia for a heart condition.

Also on Tuesday, U.S. Deputy Secretary for Homeland Security Jane Holl Lute met with Mr. Maduekwe and several other Nigerian officials. The U.S. Embassy in Nigeria and the State Department in Washington declined to comment on the meetings and possible frictions between the two countries.

"I think people are making more of it than it is," one Western diplomatic official said. "It's just people posturing."

China, Iran and India have been courting oil and infrastructure deals with Nigeria.

China has expressed interest in a number of oil assets controlled by Western companies, including **Exxon Mobil** Corp. and **Chevron** Corp., just as the Western companies are considering scaling down their Nigeria operations due to militant violence in the oil-rich Niger Delta.

On Tuesday, four expatriate oil workers contracted by **Royal Dutch Shell** PLC were kidnapped while driving to work by unknown attackers in Port Harcourt, the largest city in the Niger Delta. A pipeline operated by Chevron was attacked last week, forcing the company to cut oil production by 20,000 barrels a day.

Meanwhile, China's biggest energy companies are eager to tap the country. **China National Petroleum** Corp. is a possible buyer of several assets, officials say. Iran and Nigeria signed an agreement in 2008 to share nuclear technology for power generation.

Taminu Yakubu, President Yar'Adua's economic adviser, played down the potential damage to business due to diplomatic trouble. But he added: "It is not good to put unnecessary pressure on a friend who has always cooperated, been helpful and helped America with international responsibility."

Reuters

Nigerian policemen stand in a truck during a protest on Tuesday in Abuja, the capital, against Nigerian President Umaru Yar'Adua's lengthy absence.

Europe cancels H1N1 shots as flu fails to heat up

By Jeanne Whalen And David Gauthier-Villars

Just months after rushing to order enough swine-flu vaccine to protect their citizens, European governments are canceling orders and trying to sell or give away extra doses as they sit on a glut of the vaccine.

The main reason: European health officials decided that only one shot per person was needed, instead of the two originally planned. Low demand is also to blame. Many Europeans believe the pandemic has turned out to be fairly mild, and don't see a reason to get vaccinated. Some are also concerned that they will suffer side effects from the shots, despite assurances otherwise from global health officials.

"The population is not running to get the vaccination," says Roland Jopp, a spokesman for Germany's health ministry.

Declining interest in the shots could be bad news for vaccine makers, particularly if countries demand their money back for supplies already delivered. Companies may be able to sell the shots elsewhere, however. Most vaccine makers, including **GlaxoSmithKline** PLC, **Sanofi-Aventis** SA, **Novartis** AG and **Baxter International** Inc., have been expecting a large sales bump from H1N1 vaccine.

In October, analysts estimated that Glaxo would ring up an extra £1 billion ($1.62 billion) of fourth-quarter sales thanks to the vaccine. Novartis has forecast H1N1 sales of $400 million to $700 million for that period.

But some countries are now canceling orders. Germany on Tuesday said it canceled 30% of the 50 million doses it had ordered from Glaxo, which it said would save the country €133.3 million ($194 million). France, which had ordered 94 million doses from four companies, is seeking to cancel 50 million of those doses, according to its health ministry. The U.K., Switzerland, the Netherlands and Spain also say they are seeking to trim orders, or to sell already delivered doses to other countries.

Last week, the World Health Organization said that rates of "influenza-like illness" have declined substantially in Western Europe in recent weeks.

Glaxo said it is "working closely with governments to respond to their changing needs." Novartis said it "will evaluate government requests on a case-by-case basis within the framework of the contractual agreements, which are considered binding."

A Baxter spokeswoman said its contracts "have always included provisions allowing the contract holder to adjust its vaccine supply requirements based on its evolving pandemic needs." All three companies declined to comment on how cancellations might affect sales.

A Sanofi spokesman said the company doesn't yet anticipate any significant changes in revenue due to vaccine cancellations.

European Pressphoto Agency

French Health Minister Roselyne Bachelot, right, receives an H1N1 flu vaccine, in Paris in November.

Bernanke's view on bust challenged

Many economists disagree with the Fed chairman, saying low interest rates were partly to blame for housing boom

By Jon Hilsenrath

Federal Reserve Chairman Ben Bernanke says low interest rates engineered by the Fed in the early 2000s aren't to blame for the housing boom and bust. But he hasn't convinced fellow economists.

Two surveys conducted by The Wall Street Journal this week found many economists believe low rates did contribute to the bubble.

In a monthly survey of mainly Wall Street and other business economists, 42 said low interest rates were partly to blame for the housing boom while 12 sided with Mr. Bernanke and said they weren't. Academic economists who specialize in monetary policy were split in a separate survey: 13 said low interest rates helped cause the housing bubble; 14 said they didn't.

It is more than an academic argument. Fed officials have been trying to understand what went wrong last decade to avoid repeating it. In addition, lawmakers are weighing whether to give Mr. Bernanke a second term and whether to bolster or restrain the Fed's power as a financial regulator.

The Fed pushed its benchmark federal funds interest rate—at which banks lend to each other overnight—to 1% in 2003 when Alan Greenspan was Fed chairman and Mr. Bernanke was a member of the Fed board. With the economy weak and deflation a concern, the Fed pushed rates up gradually beginning in 2004. Mr. Bernanke became chairman in 2006.

Mr. Bernanke laid out his defense of Fed policy in a speech to the American Economic Association last week, acknowledging that interest rates were very low but adding that policy "does not appear to have been inappropriate." Other factors—notably an explosion of exotic mortgages and a flood of cash coming into the U.S. from overseas—were the crucial drivers of the housing bubble, he said. "Regulatory and supervisory policies, rather than monetary policies, would have been more effective means of addressing the run-up in house prices," he said.

The "basic problem" was "the mistake" of raising short-term interest rates too slowly from 2004 through 2006, said Miles Kimball of the University of Michigan. "Going up quicker would have been better."

Agence France-Presse/Getty Images

Retired Federal Reserve Chairman Alan Greenspan, right, at Ben Bernanke's 2006 swearing-in. The federal-funds rate fell to 1% under Mr. Greenspan in 2003.

"The appreciation of house prices was but one of many indicators which called for a somewhat more restrictive interest-rate policy" in 2004 and 2005, said Marvin Goodfriend of Carnegie Mellon's Tepper School of Business. He was an economist at the Federal Reserve Bank of Richmond, Va., during much of that time.

Many economists met Mr. Bernanke halfway—arguing that low rates played a role in fueling the housing boom, though they may not have been the key force. Some noted that low rates encouraged banks to write the riskier loans that Mr. Bernanke puts at the center of the crisis.

"There is plenty of blame to go all around," said Martin Eichenbaum of Northwestern University, expressing a commonly expressed view. "Loose monetary policy certainly contributed to easy financing, which was one element of the bubble."

In both surveys, The Wall Street Journal asked economists whether they agreed or disagreed with the following statement used by Mr. Bernanke in his speech to describe the position of Fed critics: "Excessively easy monetary policy by the Federal Reserve in the first part of the decade helped cause a bubble in house prices in the United States, a bubble whose inevitable collapse proved a major source of the financial and economic stresses of the past two years."

Most of the economists in the Wall Street forecasters' survey, which polls Wall Street, corporate and a few academic economists monthly, agreed with the statement. Allen Sinai, chief economist at Decision Economics Inc., included it on a long list of culprits: "Low interest rates, financial innovations in mortgages, lax regulation, and speculative euphoria."

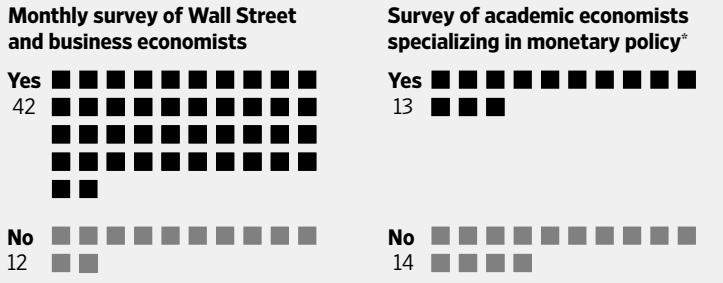
Many academics who responded were sympathetic to Mr. Bernanke. "The 'bubble' didn't really get going until 2005-2006, by which time the Fed had raised rates to more or less normal levels," said Kenneth Kuttner of Williams College. "Second, there are lots of instances in which bubbles occurred in the absence of loose monetary policy, and instances in which policy was loose and there was no bubble." As Mr. Bernanke noted in his speech, monetary policy was tighter than the U.S. in places like Australia and the U.K.

Economists in the two surveys agreed—58 to 22—with Mr. Bernanke that stronger regulation—as opposed to higher interest rates—would have been the most effective way to stop the bubble.

"If we could go back in history and make one policy change, I'd go after sub-prime lending," said Mark Gertler of New York University, a former co-author of Mr. Bernanke's. "Absent non-prime lending, the likely outcome of the housing correction of 2007 would have been a mild recession like 2000-2001, and not the debacle we experienced."

Doubting Ben

Number of economists who agreed with the following statement in surveys conducted by The Wall Street Journal this week. 'Excessively easy Fed policy in the first half of the decade helped cause a bubble in house prices'


Monthly survey of Wall Street and business economists
Yes 42
No 12
Survey of academic economists specializing in monetary policy*
Yes 13
No 14

*WSJ survey of professors in the National Bureau of Economics monetary policy program

Federal Reserve's profit set record last year as holdings rose

By Meena Thiruvengadam

WASHINGTON—The Federal Reserve saw record profits in 2009 as its holdings of Treasurys, mortgage-backed securities and agency debt grew.

The Fed last year generated net income of $52.1 billion, of which it paid $46.1 billion to the U.S. Treasury, the central bank said Tuesday. The windfall came as the Fed's balance sheet ballooned to more than $2.2 trillion and the Fed acquired billions of dollars in securities through unusual asset-purchase programs aimed at spurring economic growth.

The Fed last year purchased $300 billion in U.S. government debt and is on track to buy $1.25 trillion in mortgage-backed securities plus $175 billion in debt from government-backed mortgage companies. The larger holdings more than offset the historically low interest rates that bring the Fed its income.

The Fed's 2009 earnings were up 47% from 2008, when the central bank generated a net income of $35.5 billion and transferred $31.7 billion to the Treasury.

The 2009 earnings reflect an estimated $3.7 billion of losses on holdings the Fed acquired when it helped J.P. Morgan Chase & Co. buy Bear Stearns and when it rescued American International Group Inc.

Of the 2009 earnings, $46.1 billion was generated through open-market operations and $5.5 billion was generated by companies it created as part of the Bear Stearns, AIG and other rescue operations.

The Fed earned $2.9 billion in 2009 on interest from loans it made to banks and other institutions.

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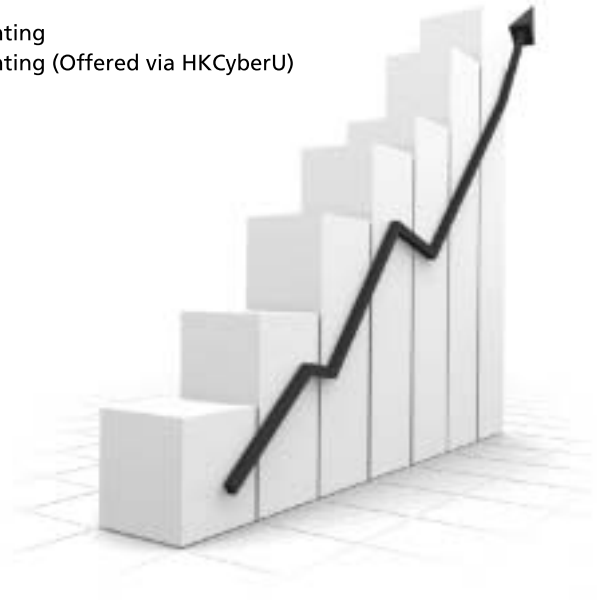

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WEALTH

Eastern promise: Asian artists rise

Increased local interest and tough conditions elsewhere bolster regional prices

"Bloodline Big Family, No. 2" by Zhang Xiaogang, above, and "Beauty and Silk Fan," a painting by Chen Yifei, top right. Artist Anish Kapoor, right, shown last month next to his major installation artwork, "Shooting into the Corner." At bottom, "Mask Series 1996 No. 6.," by Zeng Fanzhi. Below, Japanese artist Takashi Murakami shown in September with his artwork "Kirsten Dunst & McG & Me" at the launch of the Pop Life: Art in a Modern World exhibition at the Tate Modern in London.

Clockwise from top left) Christie's; Bloomberg News; Associated Press; Christie's; Reuters

By Laura Santini

HONG KONG—The global recession seems to be making Asian artists the new stars of the art market.

Major auction houses **Christie's International** PLC and **Sotheby's** are reporting glimmers of an art market rebound, especially in Asia, where over the past two years both have recorded big sales of works by contemporary Asian artists.

China's old masters are surpassing auction house expectations, too. A scroll painting by 16-century artist Wu Bin sold for $22 million at a Christie's sale in December.

Auction houses attribute the commercial rise of some Asian artists to the global economic downturn, which has stymied sales in the U.S. and Europe, as well as to an expanding pool of local art collectors.

At Sotheby's autumn sale in October, around 47% of the buyers of contemporary Asian works came from mainland China, compared with just 10% the previous April—an increase that Evelyn Lin, head of Asian contemporary art at the auction house, says reflects the growing enthusiasm of mainland buyers as well as the hesitancy of collectors elsewhere.

It's not all great news. Prices for most artists' works, even the top sellers, have declined significantly. "It's still difficult for everyone," Ms. Lin says, saying prices for less sought-after Asian works have dropped between 30% and 40%.

For example, prices for newer works by Zhang Xiaogang, one of China's top-selling painters, have declined. His most acclaimed works, which Ms. Lin says was produced between 1994 and 1998, continue to reach record levels.

Mr. Zhang's "Bloodline: The Big Family No. 3" fetched nearly $6 million at a Sotheby's April auction in 2008.

Five Asian artists ranked among last year's top 10 money-makers world-wide, according to Artprice, a research provider based in Lyon, France, which collected data on auction sales between June 2008 and June 2009. In the same 12-month period a year earlier, six Asian artists appeared, up from three in the previous period—and an indication of the growing clout of Chinese artists on the world's art scene, which has been dominated by iconoclast names such as Damien Hirst and Jeff Koons.

Local Asian collectors are still willing to spend on art, but are more likely to go for works by "established artists" rather than upstarts, says Johnson Chang, owner of **Hanart TZ Gallery** in Hong Kong, which specializes in Chinese contemporary art.

All five Asian artists ranked last year by Artprice have won international acclaim. Takashi Murakami and Anish Kapoor, the two non-Chinese names, are now staples of the global art world. Mr. Kapoor has erected popular public works in Millennium Park, Chicago and in Rockefeller Center, while Mr. Murakami has also gained notice applying his talents to a line of Louis Vuitton luxury handbags.

In order from Nos. 6 through 10, the ranked artists are: Zeng Fanzhi and Mr. Zhang from China, Mr. Murakami from Japan, Mr. Kapoor from India, and Chen Yifei, also from China and the only deceased artist in the group.

At a November Christie's sale in Nuremberg, Germany, an untitled painting from Mr. Zeng's "Hospital" series pulled in $2.5 million. Mr. Zeng became the highest selling Chinese artist in early 2008, when a painting from his "Mask" series scored a record sale, at $9.7 million.

"What's going on in China is very similar to what happened in New York City post-World War II," says Ingrid Dudek, a senior specialist in Asian contemporary art at Christie's in Hong Kong. Like Andy Warhol and Jackson Pollock—artists whose works in some ways captured the post-war American experience—Messrs. Zeng and Zhang have turned out works that people consider iconic of contemporary China.

WSJ.com

Five Asian artists made the top 10 list of money-makers world-wide. Read more at **WSJ.com/OnlineToday**

WEALTH

Dealing with emerging-sector overdose

[Maximum Money]

By Shefali Anand

Emerging markets like India and China continue to be a favorite destination for global investors in 2010.

The attraction is clear: fast-growing economies, with booming stock markets. It's not just large hedge funds investing here; average Joes in the developed world are putting part of their retirement savings in emerging markets to diversify their investments too.

But what should residents of emerging markets do? By virtue of living in India or China, you could be overexposed to emerging markets. If there's a serious downturn in the economy of your home country, it could hurt everything from your job to your local stock investments.

We saw that in the late 1990s, during the Asian crisis, when a collapse in the Thai baht spooked global investors and led to sharp declines in several Asian currencies, economies and stock markets, including those of South Korea and Hong Kong, while India's benchmark Sensex fell 25% in one year following the August 1997 crash.

Sure, Asian economies are much healthier now, and the U.S. and European economies are sluggish. But emerging markets can change quickly. As a financial adviser once explained to me: It's because we don't know, that we diversify.

Stocks of developed countries like the U.S. can appear meager in comparison to those in emerging markets. "When returns in any particular asset are high...people just stop thinking of diversification," notes Raghavendra Rau, a visiting professor of finance at the University of California at Berkeley.

It's important to make sure you have first fully diversified your investments within your home country, by buying diversified stock funds, and bond funds, or through bank deposits, which are the safe part of your portfolio. But developed market stocks can provide a measure of stability to your portfolio as they lose less than emerging markets during downturns.

Reuters

A construction site in Chennai, India. A number of companies in India have launched mutual funds.

"It is important to not conclude that stock returns are higher correlated to a country's future economic growth rate," says Brent Brodeski, a U.S.-based financial adviser.

Also, ignoring developed markets means turning your back on 85% of the world's stock-market capitalization, and multinational U.S. and European companies will benefit due to their businesses in different countries, even if their home counties are growing slowly. Ideally, put 5% to 10% of your portfolio outside India, says Anik Shah, senior wealth manager at Anagram Capital Ltd.

The good news is that there are several ways for individuals in emerging markets to invest outside their home country—investors in India can now park as much as $200,000 per financial year outside the country.

A number of companies in India and China have launched mutual funds in recent years, which invest in stocks listed abroad, and a few brokerage firms in India allow individuals to invest directly in stocks and exchange-traded funds listed in some foreign markets.

The bad news is that it can be complex. Many of the mutual-fund options available often don't provide ideal broad-market exposure, and they can be costly. Also, foreign investing involves currency risk, and with the Indian rupee getting stronger, for instance, it could lower your returns earned in foreign countries.

In mainland China, investors can choose from around 10 foreign mutual funds offered by qualified domestic institutional investors. But it is worth noting that four of these funds invest in Hong Kong where the market is highly correlated to Chinese stocks and thus the funds don't provide ideal diversification, says Y.T. Kum, senior research analyst at **Morningstar Asia**, based in Hong Kong.

Mr. Kum suggests looking at funds which own global equities, or foreign bonds.

Also, while stocks in other emerging markets like Brazil are riding the high-growth wave like those in India and China, these markets are influenced heavily by foreign flows and a sharp increase in outflows, such as happened in 2008, can cause all these markets to fall suddenly and simultaneously.

There are less than two dozen mutual funds in India which make some investments in foreign stocks, but most of them don't provide broad-based diversification.

A majority of these global funds focus only on commodity-related companies, or real-estate stocks globally, so they are suited only for making bets on specific sectors.

Some funds, like the Principal Global Opportunities fund and Fidelity International Opportunities fund, invest primarily in other emerging markets and don't include developed market stocks.

The Fidelity fund puts only a third of its money into foreign stocks in order to be taxed like an Indian mutual fund. Long-term capital gains on Indian stocks and mutual funds is tax-free, but gains on stocks abroad is subject to a 20% tax.

All these factors, combined with high costs for these funds and their limited investment track record, make them tough to recommend, says Dhirendra Kumar, chief executive of research firm Value Research India Pvt. Ltd.

Individuals who can spare time could buy stocks directly in the U.S. and some other stock exchanges, via brokerage firms like **ICICIDirect.com** and **Kotak Securities**. Pay attention to costs.

At ICICIDirect, which provides access to only U.S. stocks, it costs 1,000 rupees ($21.90) to open a new account, around 1,200 rupees for remitting Indian rupees to the U.S. dollar, and the brokerage fee is 0.75% or $9, whichever is higher.

It's true that so far, foreign investing hasn't been popular in India, but I can imagine it will be a bigger part of our portfolios 10 years from now.

WSJ.com

Online today: Personal finance reporter Shefali Anand asks how should you invest in emerging markets if you live and work in one at **asia.WSJ.com**

English football's elite take the money game to Asia

For top-caliber athletes, English football club **Manchester United** turns to Brazil, Senegal and Serbia.

But when it comes to Asia, it is usually seeking money.

*By **Duncan Mavin** in Hong Kong*
*And **Ditas Lopez** in Singapore*

The club's holding company kicked off marketing this week for its £500 million ($801 million) bond offering in Singapore and Hong Kong, the latest effort to tap Asian fondness for what football icon Pelé called "the beautiful game."

United and its rivals like Liverpool and Barcelona are regular visitors to the region in recent years, whipping up a fan base and selling replica jerseys everywhere from Malaysia to Thailand and China. There are now Japanese and Chinese versions of Manchester United's Web site, and in February 2008 the club opened a store selling jerseys, scarves, key rings and more at the Venetian resort and casino in Macau.

The sport has also tapped Asia's wealth through the sale of television rights and advertising. In October, a battle for the rights to show English Premier League matches on television in parts of Asia saw **Singapore Telecommunications** Ltd. replace StarHub in a three-year deal starting August reportedly worth more than $200 million.

Asian companies have become major sponsors, though terms usually aren't disclosed. **Samsung Electronics** Co. last year renewed an agreement with Chelsea FC that splashes its corporate logo across the team's jerseys. **Thai Beverage** PLC has a deal to put the Chang Beer logo on Everton Jerseys, while South Korea's **LG Electronics** logo is displayed on the jerseys of Fulham players. Other Asian corporate tie-ups have seen Manchester United get together with South Korea's **Kumho Tire** Co., TRI Indonesia—a unit of Hong Kong's **Hutchison Telecommunications International** Ltd.—and India's **Bharti Airtel** Ltd.

Some of Asia's wealthiest investors have linked up with the sport.

Former Thai Prime Minister Thaksin Shinawatra paid £82 million to become the owner of Manchester City in 2007, and sold out a year later to a group from Abu Dhabi. Speculation over the potential buyer of London-based West Ham includes Tony Fernandes, chief executive of Malaysian budget carrier **AirAsia** Bhd.—a possibility Mr. Fernandes has done little to dispel in postings to his own blog and on Twitter.

Indian steel czar Lakshmi Mittal has also dabbled in the sport, joining Formula One's Flavio Briatore and Bernie Ecclestone as part owners in unfashionable lower-league club Queen's Park Rangers in 2007.

More recently, Hong Kong businessman Carson Yeung took over England's Birmingham City in October last year—his team is one of the surprise packages of the season there. Mr. Yeung has promised £40 million to strengthen the team.

Whether less high-profile investors in Asia are ready to take a stake in Manchester United bonds remains to be seen, however.

Getty Images

Manchester United's Wayne Rooney, left, battles Stephen Carr of Birmingham City last weekend.

"It's a European issuer. Very few of us investors in Asia will be interested regardless of it being a soccer giant," said a fund manager in Singapore. "I think the investor base will be mostly in Europe."

The roadshow has moved on to Europe and will be in the U.S. next week.

THE DETROIT AUTO SHOW

Can you imagine driving these?

'Concept cars' at the Detroit Auto Show are serious fun; a loft apartment on wheels and a Mini with boots

By Joseph B. White

The North American International Auto Show in Detroit is one part trade fair and one part circus. Concept cars are the prancing ponies—or sometimes clowns.

Car makers use auto-show concept cars, usually one-of-a-kind prototypes built by hand, to capture the imaginations of the press and public with flashy visions of what might come tomorrow. Some show cars are pure whimsy, confections dreamed up by young designers at play.

More and more—as at this year's Detroit show, which opens to the public this weekend—auto makers such as **General Motors** Co. and **Toyota Motor** Corp. are pursuing concept cars that have serious intent. Some are thinly disguised prototypes of cars in the pipeline. Some present a technology idea that executives want to road-test with the press and public.

The Chevrolet Volt started life as a concept vehicle at the 2007 Detroit auto show, and became a real and very expensive production project for GM in part because of the surge of interest from the show. **Ford Motor** Corp.'s hottest-looking show car at Detroit this year isn't a concept at all. It's the production-ready version of the V-8 powered 2011 Mustang GT.

Here are some of this year's notable show cars:

■ **GMC Granite**

GMC, one of the four U.S. brands that survived the General Motors bankruptcy, is best known for sturdy commercial trucks, large pickups and beefy Yukon and Suburban sport utilities. Now GM has decided it wants to expand the GMC brand with some more-petite offerings. Behold the Granite, which GMC describes as an "urban utility vehicle" and "the automotive equivalent of an urban loft apartment."

To be sure, a very small urban loft apartment, equipped with a 1.4-liter engine and a six-speed transmission. If the idea of a boxy, four-cylinder urban micro-wagon rings a bell, that's because this is pretty much the idea behind the existing flock of vehicles led by the Toyota Scion xB, and joined more recently by the Nissan Cube and the Kia Soul.

Pros: If GM is serious about keeping GMC viable as a consumer brand, it needs to offer something that younger consumers will find attractive. The Granite also offers a way for GM to wring more profit out of its small-car engineering efforts.

Cons: The hipster urban micro-buggy market accounted for fewer than 80,000 vehicles' worth of sales in 2009. Scion xB sales crashed by nearly 44% as the Cube and Soul muscled into the segment. This could be another example of GM arriving at midnight for a party that ended at 11.

■ **Toyota FT-CH**

Toyota has struggled for years to figure out what is hip. When the company was enjoying huge financial success and gaining market share, its leaders worried that having a reputation for bullet-proof quality and smart technology wasn't enough. Now that the company has stumbled badly on the quality front, and recorded a big loss for the first half of its fiscal year, Toyota's crusade for hipness is taking on more urgency.

The FT-CH, a compact hybrid with a key-lime-green color scheme and a compact, hatchback profile, was designed by one of Toyota's European design teams. According to the company, the team sought to channel the feel of 1980s and '90s 8-bit microprocessor videogames such as Super Mario Brothers and Sonic the Hedgehog.

Pros: Toyota's serious intent with the FT-CH concept is to signal that it wants to expand its use of gas-electric hybrid technology to a broader family of vehicles. The company says it plans to launch eight new hybrid models in the next few years, and aims to sell one million hybrids a year by early in this decade.

Cons: Subcompact hatchbacks can get 40 miles to the gallon without expensive hybrid hardware. Besides, who really wants to relive the early 1980s?

■ **Hyundai Blue-Will**

The Chevrolet Volt hasn't even hit the market, but already GM can claim that it has changed the conventional wisdom in the auto industry about so-called plug-in hybrids—cars that derive some of their power from gasoline engines, and some from plugging into the electric grid. Not so long ago, the industry wisdom on plug-ins was that they represented a fringe technology, too expensive for mass production. The Hyundai Blue-Will concept is an acknowledgment that in the future every major player in the U.S. market will have to have either a plug-in model or an all-electric model to be taken seriously.

Pros: Hyundai has proved it can gain market share with well-executed conventional cars. It needs to demonstrate it has the technology to get to the next level. A hybrid system that delivers 106 miles to the gallon wouldn't hurt.

Cons: Blue-Will? The front end of this concept makes you think "Blue Whale."

■ **Audi e-tron and BMW Concept ActiveE**

On the floor of the Detroit auto show, the Audi e-tron show car sits across the aisle from the display of electric sports cars from **Tesla Motors** Inc. The juxtaposition is apt. The e-tron—a variant of a concept Audi started showing last year—represents the next step in the evolution of electric luxury cars from politically correct green technology to a more hedonistic, high-performance appeal, an evolution that is a foundation of Tesla's business. The Audi e-tron's styling borrows from the aggressive stance and high-performance promise of the brand's $114,200 R8 super sports car. Not far from the Audi show vehicle is **BMW** AG's latest iteration of electric drive, the Concept ActiveE—more easily described as an electric 1-series coupe.

Pros: The world can't have too many electric super sports cars that can leap from 0 to 60 miles per hour in less than six seconds. It's time Tesla had some competition, although it isn't clear when Audi plans to field an electric car that looks like this concept.

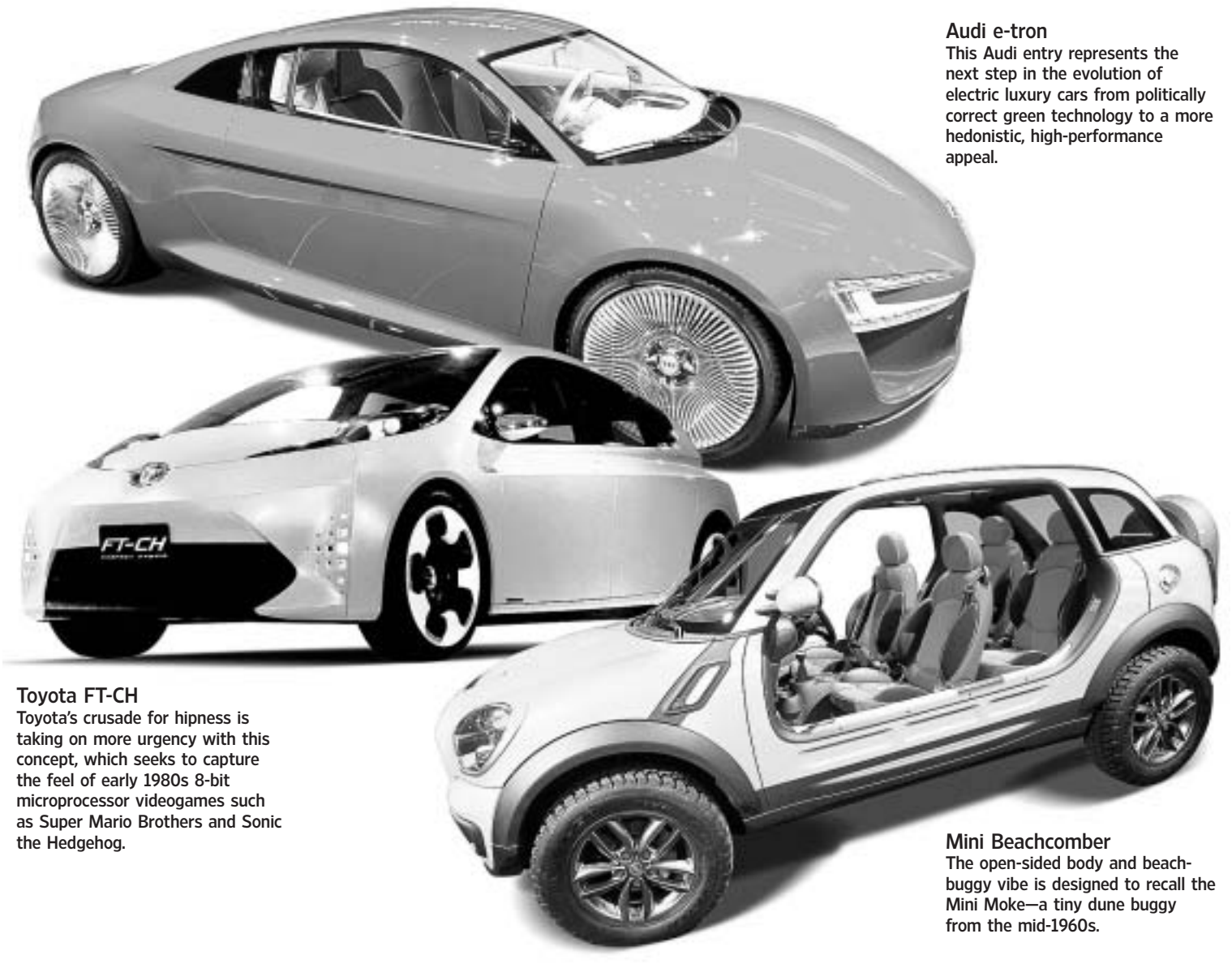
Cons: High-performance electric cars are just toys for rich boys. European car makers should focus on bringing down the costs of their diesel engines.

■ **Mini Beachcomber**

BMW has said from Day One in its relaunch of the Mini franchise that it intended to create a family of Minis, reviving more than just the iconic Mini Cooper two-door. The Mini Beachcomber concept represents a tricked-out version of a real fourth model Mini to launch later this year: a Mini crossover. The Beachcomber's open-sided body and beach-buggy vibe are designed to recall the Mini Moke. That tiny Jeep-like dune buggy Mini was produced in the mid-1960s and delighted beach bums across the British Commonwealth.

Pros: Just what the world needs: a Mini with hiking boots!

Cons: Must every single brand in this industry have a crossover wagon?



(Top to bottom) United Press International, Reuters, European Pressphoto Agency

Audi e-tron
This Audi entry represents the next step in the evolution of electric luxury cars from politically correct green technology to a more hedonistic, high-performance appeal.

Toyota FT-CH
Toyota's crusade for hipness is taking on more urgency with this concept, which seeks to capture the feel of early 1980s 8-bit microprocessor videogames such as Super Mario Brothers and Sonic the Hedgehog.

Mini Beachcomber
The open-sided body and beach-buggy vibe is designed to recall the Mini Moke—a tiny dune buggy from the mid-1960s.

European Pressphoto Agency

Hyundai's Blue-Will

WSJ.com

Online today: Vote on whether carmarkers should build or bag these cars, and see a slideshow of previous concept cars and their outcomes, at **WSJ.com/Autos**

Clash on the Great Firewall

The uneasy truce between Google and China broke down yesterday when the company announced it would no longer censor search results on its domestic search engine, Google.cn. So far everyone seems fixated on the decision-making in the Googleplex headquarters, but ultimately this episode tells us more about the nature of the Beijing regime than it does about Google.

Within minutes of the announcement, mainland users were calling up page listings on Tibet, Falun Gong and the 1989 Tiananmen Square massacre that had been hidden for the last three years. The company said it was pushed into this decision by a sophisticated hacking attack that threatened the privacy of its email users, but there's more to this story.

Google deserves praise for having a bottom line, but it's worth remembering that this is a lose-lose-lose scenario. The most likely outcome is that Google loses access to an important market, Chinese customers lose access to its services, and the government loses face. Google's decision in 2006 that entering the mainland market was a net positive for information flows was well reasoned. The tragedy is that the Chinese government became so aggressive in its repression that this is no longer the case.

Google has faced its share of business obstacles in China, some of which may be traced back to government action. Its main search competitor, Baidu, has received government support to control 58% of the market, compared to Google's 36%. No doubt the fact that Google's revenues in China are what it calls "insignificant" made it easier to pull the plug.

> Our money is on the Googlers.

But the problems go beyond Google. A company spokesman tells us that the decision to abandon the China market was the result of the hacking attack and a broad crackdown on the Internet in China. In the last year Chinese authorities have blocked YouTube, attempted to force computer retailers to pre-install the Green Dam filtering software, pressured Google and other search providers to further filter racy content, and allegedly launched a "DNS poisoning" attack on Google last June that led to the company's services crashing world-wide.

Until a year or so ago, Chinese censors were skillful at calibrating the level of censorship and harassment so that both domestic users and international companies were willing to play by the government's rules. There were certain things that one couldn't do or say, but otherwise the Internet was free enough that much like in other countries it became an integral part of many people's lives.

But for whatever reason Beijing overreached. For instance, Chinese criminal gangs are believed to be carrying out digital breaking and entering around the world with little opposition from, and perhaps even the support of some parts of, the government, as detailed in a report by the Canadian group Information Warfare Monitor. The hacking attack on Google and 34 other companies in Silicon Valley bore some of the hallmarks of the "Ghostnet" botnet attacks first revealed last year, which targeted companies and nongovernmental organizations of interest to China. This time it's believed the hackers stole commercially valuable intellectual property, although not from Google. It's difficult to play nice with a government that tolerates skulking around your warehouse.

The tougher Beijing gets with Chinese Internet users, the more likely users are to take extraordinary measures to get around government strictures. More than 30 million Chinese use Google's Gmail service, in part because it is known to be secure. Already many are saying that if Google is blocked by the government's "Great Firewall," they will "jump over the wall." That involves paying for VPN services or devoting time to finding proxy servers, but it can be done. The effect may be to reduce the effectiveness of the censorship and filtering regime.

U.S. Secretary of State Hillary Clinton issued a statement supporting Google yesterday, calling on the Chinese government to provide an explanation of its actions. The State Department is next week expected to unveil a new initiative, long in the works, to help netizens globally get around government controls.

One of Google's founders, Sergey Brin, spent much of his childhood in the Soviet Union and so has a strong understanding of the importance of free speech and information. Mr. Brin's public statements over the last few years have revealed how he wrestled with the ethics of doing business in an authoritarian state. Google has no doubt also learned the lesson of Yahoo!, which provided the Chinese police with information from an email server in Hong Kong that led to a 10-year jail term for dissident journalist Shi Tao.

So far, Google's instincts have been right. The Web's immovable object of censorship, China, was bound to run up against an irresistible force for free information sooner or later. This clash is only the first of many more to come, and our money's on freedom.

A Hong Kong Judge's Warning

Hong Kong is a special part of China, thanks to the basic freedoms its citizens enjoy—freedoms that are protected by its independent judiciary. So when the territory's Chief Justice stands up in public and warns against politicization of that institution, his words deserve a wider audience.

In a speech to the Hong Kong bar on Monday, Andrew Li said: "The independent judiciary has a vital constitutional role to ensure that the acts of the executive and the legislature comply fully with the Basic Law . . . and that our fundamental rights and freedoms, which are at the heart of Hong Kong's system, are fully safeguarded." He received a standing ovation.

Mr. Li knows of whence he speaks. The rights enshrined in Hong Kong's mini-constitution, the Basic Law, have slowly eroded since the territory's 1997 handover to China. In 1999, Beijing "reinterpreted" Mr. Li's ruling on the right of abode for children born in mainland China to Hong Kong citizens at the request of then-chief executive Tung Chee Hwa. In 2004, Beijing retracted on the promise of allowing Hong Kong to decide whether it wanted direct elections for the chief executive and legislative assembly in 2007 and 2008, respectively.

This trend is especially disturbing given China's vise-like grip over all three branches of government in Hong Kong's smaller neighbor, Macau. "The arrangement for one jurisdiction may not be appropriate for another," Mr. Li warned, adding that is "important" that Hong Kong "maintain its links with leading common law jurisdictions."

Mr. Li will retire early in August, and it's unclear who will replace him. If the past 12 years are any guide, he will have his work cut out for him.

The Geithner AIG Story

Timothy Geithner is back in piñata mode, with House Oversight Chairman Edolphus Towns asking him to testify next week about bailout giant AIG. By all means Members should swing away at the Treasury Secretary, but only if they focus on the right questions.

The trigger for the Towns hearing is the release of emails between the Federal Reserve Bank of New York and AIG in November and December 2008. The New York Fed urged AIG to limit disclosure of its deal to buy out derivative trading partners at 100 cents on the dollar. But since AIG went ahead and disclosed it anyway, this line of inquiry doesn't get to the heart of the taxpayer interest.

Mr. Geithner was president of the New York Fed when it began sending what has become $182.3 billion in taxpayer assistance to AIG in September 2008. Much of this money was used to meet collateral calls from big banks that had bought AIG's credit default swaps. AIG had resisted handing over more collateral. But once Mr. Geithner was in charge of AIG, the cash flowed freely to these bank counterparties.

The Fed and AIG ultimately bought the underlying securities at par. This was not only much more than the counterparties might have received from a bankrupt AIG, but even a healthy AIG would never have handed over so much cash in the midst of a panic in which cash was king. Mr. Geithner's New York Fed demanded the 100-cents on the dollar deal for these counterparties, and it demanded that their identities be kept secret. The Journal nonetheless reported this sweet deal and the names of some beneficiaries, including Goldman Sachs, in early November 2008, but taxpayers had to wait months before AIG finally released the full story.

> Those emails and that 'systemic risk.'

Given the sweet deal and the fact that Mr. Geithner sought to keep secret the identities of the beneficiaries, logic would suggest that the AIG intervention was intended as a bailout for these counterparties. Supporting this conclusion is the fact that Mr. Geithner has sold his plan to regulate derivatives as a way to prevent such problems in the future. Yet when asked directly by the inspector general for the Troubled Asset Relief Program why he opted to buy out the counterparties at par, Mr. Geithner said "the financial condition of the counterparties was not a relevant factor."

Then last November, he suggested that the systemic risk was in AIG's traditional insurance business. "AIG was providing a range of insurance products to households across the country. And if AIG had defaulted, you would have seen a downgrade leading to the liquidation and failure of a set of insurance contracts that touched Americans across this country and, of course, savers around the world," he said. So which was it?

The evidence builds that AIG's "systemic risk" wasn't a mathematical answer to a rigorous and thoughtful review of data, but rather a seat-of-the-pants judgment by regulators in a panic. If that is the case, someone should ask Mr. Geithner why the American people should give him even more authority to make more such judgments from his hip pocket—with little public scrutiny.

Under the House regulatory reform, Mr. Geithner would chair a new Financial Services Oversight Council. The council could declare virtually any company in America a systemic risk, making them eligible for intervention on the taxpayer's dime. The law firm Davis Polk reports that since this council is not an agency, it will not be subject to the Administrative Procedure Act, the Freedom of Information Act or the Sunshine Act, among other laws intended to allow citizens to scrutinize government.

It's difficult to learn and apply the lessons of AIG because the New York Fed has done so much to conceal them. Mr. Towns appears to be getting closer to the truth, deciding Tuesday to issue subpoenas focused on the New York Fed's decision-making, as opposed to whatever it told AIG to say in public. Let's hope lawmakers explore what the "systemic risk" actually was—and why Mr. Geithner should get nearly open-ended power to define it again.

OPINION

The Great French Whine

By Anne Jolis

The Kiwi Cuvee 2007 Sauvignon Blanc offers "Lime, green pepper, and wet grass aromas. . . A vibrant, well balanced table wine that will excel with chicken fajitas."

So goes the Beverage Testing Institute's online summary of the Kiwi Cuvee, which may sound like the wine was inspired by a New Zealander backpacking through Mexico. In fact the wine is a *produit de France*, and it has provided a taste of dry-yet-fruity irony, after Australia's trademark office rejected it for registration Down Under. Without trademark protection, the wine probably won't be sold on the Australian market—at least not under the Kiwi Cuvee name. Responding to a complaint from the New Zealand Winegrowers group, the decision said the name was "likely to deceive or cause confusion," for instance in restaurants where a chalkboard menu might not specify a wine's origin.

And so, France gets a dose of its own medicine. The Australian ruling is satisfaction for any producer whose marketing has been thwarted by Europe's system of geographical indications, which the French pioneered. Many a Californian sparkling wine producer has been frustrated by not being able to sell his product abroad as "champagne." Armenian-made cognac, said to be Winston Churchill's preferred variety, must similarly be sold as "brandy" for fear of invoking Gallic wrath.

It all started in 1883 with the Paris Convention for the Protection of Industrial Property, the first multiparty intellectual property agreement, which included measures on indicating a product's source. In 1909, Paris took the provision one step further and decreed that only brandies from Cognac, France, or its surrounding regions, could be sold as "cognac." Today, the European Union has registered close to 900 protected product names, of which 166 are French. The EU has even tried to limit the use of words such as "classic," "noble," "ruby," "tawny" and "vintage" in wines from the U.S. The World Trade Organization provides basic protections for geographic labels, so that consumers know where their products come from.

So it's hard to blame New Zealanders for their delight in Australia's having informed Lacheteau that the "kiwi" brand is reserved there for products hailing from New Zealand. What probably makes the ruling particularly savory is that Lacheteau is the same company that in 2005 sent legal threats to New Zealand's Kahurangi Estate, which was exporting a "Kiwi White" chardonnay to Sweden. Lacheteau told Kahurangi it had trademarked the name "Kiwi Cuvee" and would sue anybody—even New Zealanders—daring to use it in Europe.

Haute-foodie types insist that such bulwarks against competition are not economic protectionism masquerading as gastronomic snobbery, nor even the victory of the monopolist that beats in the heart of every French farmer. Rather, the argument is that geographic differences in soil, air, humidity and so on actually lead to a discernible difference in quality and taste. So the justification for what is effectively a trademark is that a product's origin partly defines the product itself.

Perhaps there is truth to that. But then, nothing stops producers from these prized regions from simply applying for and defending regular trademarks. This

Getty Images

would eliminate the temptation for every local producer in the world to seek privileged status for otherwise ordinary placenames. Producers of Parma ham or feta cheese could very easily certify their products as meeting privately developed standards of quality and brand them accordingly, without the global bureaucracy that has grown up around "geographical indications." More importantly, if the French are really such true believers in their system, it seems LaCheteau should have named its wine something that boasted of its true origins—the "Fragrant Frogue," perhaps—and doesn't contain a global euphemism for New Zealand. Officials from LaCheteau's parent company, Les Grands Chais de France, did not return requests for comment.

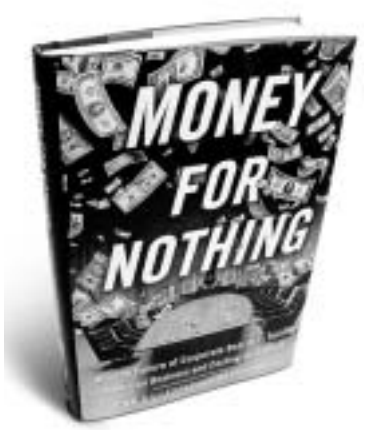
Until now, New Zealanders haven't seemed overly moved by the geographical protection arguments. They have yet to complain about kiwifruit grown in Chile or California. "Kiwi Shoe Polish" was created in 1906 by a Scottish-born Australian, and is now owned and marketed without trouble by America's Sara Lee Corporation. So it's hard to see the New Zealand Winegrowers' challenge as anything other than payback for a century of French dictates about which products can be called what, and by whom.

Expect now some form of retribution. Perhaps the next New Zealand-born hairdresser to offer a "French twist" 'do in Europe will be handed a cease and desist letter.

Miss Jolis is an editorial page writer for the Wall Street Journal Europe.

Hitting The Boards

[Bookshelf]



Money for Nothing
By John Gillespie and David Zweig
(Free Press, 306 pages, $27)

By James Freeman

Ralph Whitworth's hedge fund, Relational Investors, is known for taking stakes in public companies and then agitating for change. As John Gillespie and David Zweig report in "Money for Nothing," their examination of American corporate boards, Mr. Whitworth was on the cusp of joining the board of a technology company when the firm surprised him by putting its chief financial officer in charge of the business. "I think they wanted to get this appointment made and out of the way before I came on board," Mr. Whitworth tells the authors. He joined the board anyway but remained curious about why the company had passed over its president, whom Mr. Whitworth believed was the better candidate. At a board dinner, the activist investor asked his new colleagues why they chose the CFO. When pressed, most of them said that they actually preferred the president, too, but had deferred to the board chairman's judgment.

Rocking the boat as a board member is often discouraged, whether by the board chairman or by the company's chief executive. Warren Hellman, who heads the private-equity firm Hellman & Friedman, tells Messrs. Gillespie and Zweig about his experience while sitting on the board of a financial company when the CEO proposed three acquisitions. "Another director and I looked at it and said, 'This is awful. These are not good companies. We should not be doing this deal,' " Mr. Hellman recounts. The CEO turned on Mr. Hellman and his colleague, saying: "You are really hurting the morale of my entire management team by being so openly hostile." He later accused the two of "disturbing the whole structure of the company." Instead of pushing back against the imperial CEO and his campaign to prevent hurt feelings, the board voted to ignore Mr. Hellman's warnings and to proceed with the acquisitions—which ended in disaster.

What's the solution? How can shareholders be assured that their business is overseen by competent directors who aren't on the board to make friends but to help shareholders make money? Messrs. Gillespie and Zweig have some ideas—a few of them that are worthwhile, a few that aren't and a handful that are downright bizarre.

The authors' two most appealing proposals: Import from England the concept of term limits to prevent independent directors from becoming too close to management and demand that directors invest a meaningful amount of their own money—not grants of stock or options that they receive free—to ensure that the directors' interests align with those of average investors.

Another solution, unaddressed by "Money for Nothing," would be for Washington to encourage better

How to steer corporate directors to act in shareholders' best interests?

board behavior at large companies by embracing the traditional method of punishing lax oversight. The venue offering maximum liability for failed directors is bankruptcy. After a filing, directors have to cover more of their own legal bills and are frequently sued by bankruptcy trustees as well as investors. By simply restoring a market in which companies are allowed to fail—instead of being selectively bailed out—politicians could go a long way toward encouraging more diligent directors.

Certainly Messrs. Gillespie and Zweig are wrestling with an important question: how to steer corporate directors to act on behalf of the shareholders they don't know instead of simply supporting the management they know and may even feel beholden to. Unfortunately, the authors seem to have a hard time acting on behalf of readers they don't know, instead meandering into thickets of scientific speculation and liberal dogma that are more likely to prompt head-scratching than corporate reform.

When the authors slip on their lab coats, "Money for Nothing" analyzes corporate risk-taking in relation to the results of lab experiments on rats dosed with amphetamine. Angry CEOs, we learn, take more risks than happy ones. The book also identifies two hormones that may lead to disastrous corporate mergers. But "neurochemicals," we're assured, "are not, by any means, the only forces distorting decision-making."

And you thought the way to cure feckless corporate boards was for directors to spend more time learning about financial risk and less time swinging a nine iron. The problems of American business, according to Messrs. Gillespie and Zweig, also involve the tax cuts enacted by President George W. Bush, the high levels of spending on America's national defense and the use of contractors by the Central Intelligence Agency.

While the authors may indulge their passions for left-wing causes, they're not blind ideologues. They describe how post-Enron reforms such as the 2002 Sarbanes-Oxley law not only fail to foster effective board oversight but may also discourage talented people from serving on boards. Messrs. Gillespie and Zweig, to their credit, also deride class-action lawsuits for being largely schemes to enrich lawyers.

But the statist instinct is rarely far off-stage in "Money for Nothing." The authors propose new regulation allowing government pension funds, among others, to place their own director candidates on the proxy ballots that companies send to shareholders. Such pension funds have lately had enough trouble governing themselves, Messrs. Gillespie and Zweig admit, but that doesn't diminish their ardor for increasing the power of politicized funds.

The authors' proposals are echoed in a draft rule at the Securities and Exchange Commission and in Sen. Charles Schumer's proposed "shareholder bill of rights." Empowering dissident shareholders sounds appealing, but the SEC and Schumer plans would allow interest groups owning as little as 1% of a company to get on the ballot, running candidates whose motives may not be transparent to investors. The bill would also federalize an area of law that for centuries has been crafted by the states. Delaware's Court of Chancery opened in 1792.

Tradition has its virtues. "Money for Nothing" notes that investors have enjoyed some success in motivating boards by using an old-fashioned tactic: public shaming.

Mr. Freeman is assistant editor of the Journal's editorial page.

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OPINION

The China Calculation

[Business Asia]

By Joseph Sternberg

To many CEOs, China seems a land of immense opportunity. That's tempered, of course, by the many difficulties of actually *doing business* there—the regulatory strictures and caprice, corruption and the myriad quirks that come with operating in any developing economy. But do the benefits of being in China actually outweigh

How much trouble are 1.3 billion customers really worth?

the costs? Two recent cases, one big and one small, suggest some businesses think well, maybe not.

The big one is Google, which announced Tuesday afternoon that it might leave entirely. The proximate cause is a mid-December cyber attack that allegedly included "theft of intellectual property" and attempts to hack email accounts of human rights-activists in China, the United States and Europe. Also, and perhaps not coincidentally, Google now says it's queasy over its 2006 deal with Beijing's mandarins to filter some search terms in exchange for permission to operate in the mainland. "We have decided we are no longer willing to continue censoring our results on Google.cn," chief legal officer David Drummond wrote on the company's blog.

Such scruples are easy to indulge when Google isn't making much money in China anyway. Domestic competitor Baidu enjoys around 60% of China's search market; Google is the other one-third. Only by Google's standards of dominance in other markets would that one-third proportion be small. But even so, and even in a market with around 338 million Internet users (an estimated 30 million of whom use Gmail), that position translates into annual revenue of a few hundred million—peanuts compared to worldwide revenue of $22 billion.

Part of the fault is Google's own. Baidu's search window formatting is better suited to Chinese characters than Google's, and Google's name renders awkwardly into Mandarin. Google's success elsewhere need not translate into riches in China; each market is its own animal.

But much of the problem is China's broader business environment—and the government's role in it. Google's site is subject to regular outages that don't afflict Baidu, which happens also to have a more comfortable relationship with the government. Google paid $1.65 billion in stock in 2006 to acquire American video-sharing site YouTube but can't do anything with that business in China—censors have blocked YouTube since March.

Then there's the reputational cost in Google's much larger U.S. and European markets of doing

David Gothard

deals with the repressive Chinese government. Witness Yahoo, whose executives were subjected to embarrassing congressional hearings in Washington after handing over a Chinese dissident's emails to security services in 2004.

And for what? Yahoo's China business flopped. Having entered with great fanfare in 1999, Yahoo in 2005 sold its China operation to Alibaba (another politically well-connected domestic company); the U.S. company now holds only a 39% stake in the venture that owns its name in China. Yahoo's share of Chinese search market revenue hovers in single digits, and Alibaba in August announced plans to hive off Yahoo China's classified advertising business for the benefit of another of Alibaba's Web ventures.

Google is just the highest-profile and latest case of a company asking whether China is really worth all that trouble. But it's not alone. Many companies have floundered in China, and others have just stayed out.

A smaller example of the same phenomenon is Cybersitter. The Santa Barbara, Calif.-based producer of antipornography filter software is suing the Chinese government, claiming that the government's own filtration software, Green Dam Youth Escort, illegally copied nearly 3,000 lines of Cybersitter's own computer coding. The company is asking for $2.2 billion in damages stemming from the infringement.

The legal merits of the case are a matter of debate. But merely by filing suit Cybersitter is taking a bold step that could prove so embarrassing to Beijing that Cybersitter's own product could end up banned from China in retaliation. The family-owned U.S. company is willing to take that risk. "We're not at all concerned about whether we'll lose China as a customer," Jenna DiPasquale, Cybersitter's marketing director, says. In the past dozen years, Cybersitter has sold at most 15,000 copies of its software in China, compared to world-wide sales of four to five million. The company says the costs of not defending its code are much greater than the benefits of a presence in China.

Government officials sitting in Beijing may not care about any of this in the short run. The Chinese economy is booming along very nicely despite, and in some cases because of, rampant copying of foreign companies' business models or intellectual property. One could argue the fact that Google's China business struggled so badly shows that China doesn't need Google.

But is that really true over the long run? Put another way, can China develop into a mature economy if the Googles and Cybersitters of the world can't rise or fall there solely on their commercial merits? At China's current level of development we may be a generation away from a definitive answer, though economic history suggests Beijing is on the wrong track. Meanwhile, foreign investors will continue questioning exactly how much they're willing to put up with for a shot at 1.3 billion customers.

Mr. Sternberg edits the Business Asia column.

Google Gets On the Right Side of History

By Rebecca MacKinnon

One night in the mid-1990s when I was working as a journalist in Beijing, I went out to dinner with some Chinese friends. I had just finished reading a book called "The File" by the British historian Timothy Garton-Ash. It's about what happened in East Berlin after the Berlin Wall came down and everybody could see the files that the Stasi had been keeping all those years. People discovered who had been ratting on whom—in some cases neighbors and co-workers, but also lovers, spouses and even children. After I described the book to my Chinese dinner companions—a hip and artsy intellectual crowd—one friend declared: "Some day the same thing will happen in China, then I'll know who my real friends are."

The table went silent.

China today is very different from Soviet-era Eastern Europe. It's unlikely that its current political system—or its system for blocking foreign Web sites known widely as the "great firewall"—will crumble like the Berlin Wall any time soon. Both are supported and enabled by the current geopolitical, commercial and investment climate in ways that Soviet-era Eastern Europe and the Iron Curtain never were.

I do believe, however, that some day in my lifetime the Chinese people may learn more about some of the conversations that have taken place over the past decade between Internet company executives and Chinese authorities. When that happens, they will know who sold them out and who was most eager to help the Chinese Communist Party in building a blinkered cocoon of disinformation around their lives—and in some cases deaths.

This censored environment makes it easier for the Chinese government to lie to its people, steal from them, turn a blind eye when they are poisoned with tainted foodstuffs and cover up their children's deaths due to substandard building codes. It is a constant struggle, and sometimes literally a crime, for people to share information about such matters or to use the Internet to mobilize against corruption and malfeasance.

That is the information environment that China's business elites, many of whom have gotten rich running Internet and telecommunications companies, are responsible for helping to build and maintain. For now they are national heroes, having made great (and lucrative) efforts on behalf of China's economic growth and global competitiveness, making China a force to be reckoned with on the global stage. But if history takes some unexpected turns—and that's the one thing you can count on Chinese history doing—it won't always be on their side.

By announcing it will no longer censor its Chinese search engine and will reconsider its presence in China, Google has taken a bold step onto the right side of history.

Four years ago when Google decided to enter the Chinese market and launched Google.cn, Chinese bloggers called it the "neutered Google." At the time, Google executives said that the decision to bow to the Chinese government's censorship demands had been made after heated internal debates. They had weighed the positives and negatives, they said, and concluded Chinese Internet users were better off with the neutered Google than with no Google. They drew a red line under search and said they would not bring any other Google products containing users' personal information—including email and blogging—into China. They held to that line.

Over the past four years I tested Google.cn from time to time and compared its search results with the Chinese market leader, Baidu. I found that Google.cn tended to censor search results somewhat less than Baidu. This supported Google's argument that it at least gave Chinese Internet users more information than the domestic alternatives. Google executives also pointed out that a notice appeared at the bottom of every page of censored results on Google.cn, informing users that some information was being hidden from them at the behest of Chinese authorities. In this way, the logic went, they were at least being honest with the Chinese public about the fact that Google was helping their government put blinkers on them.

Google's effort to walk a fine line between Chinese regulators and free speech critics ended up being unsustainable. Anticensorship activists still viewed its compromise as contributing to the spread of censorship around the world. On the other hand, this compromise was also unacceptable to Chinese authorities, who were unhappy that Google wasn't censoring as heavily as Baidu. Last year Google came under a series of attacks in the Chinese state-run media for failing to censor porn adequately when users—horror of horrors—typed smutty phrases into the search box.

As Google considers exactly what it will do next now that it has refused to censor, some Chinese users are expressing support and sending flowers, others are upset, and others are thumbing their noses good riddance. Competitors are gloating. Google is in for a rough few months ahead. In the longer run, history will reveal to the Chinese people who their real friends have been.

Ms. MacKinnon is a fellow with the Open Society Institute. She is writing a book about China and the Internet.

Notable & Quotable

From Google's blog post, "A new approach to China," posted Tuesday:

We have taken the unusual step of sharing information about these attacks with a broad audience not just because of the security and human rights implications of what we have unearthed, but also because this information goes to the heart of a much bigger global debate about freedom of speech. . . .

These attacks and the surveillance they have uncovered—combined with the attempts over the past year to further limit free speech on the web—have led us to conclude that we should review the feasibility of our business operations in China. We have decided we are no longer willing to continue censoring our results on Google.cn, and so over the next few weeks we will be discussing with the Chinese government the basis on which we could operate an unfiltered search engine within the law, if at all.

IN DEPTH

Taliban acts as a risky ally in Afghanistan war on polio

Letter from Mullah Omar grants WHO vaccination teams access to many villages; a measure of recognition

By Yaroslav Trofimov
Mehtar Lam, Afghanistan

KNOCKING on door after door, thousands of volunteers fan out every month across southern and eastern Afghanistan, vaccinating children against polio, a disease eradicated almost everywhere else in the world.

Usually, the volunteers—sent by the government and sponsored by United Nations agencies—bring a single-page letter requesting people to cooperate, "for the benefit of our next generations." The letter's signatory: Mullah Mohammad Omar, the one-eyed supreme leader of the Taliban.

"We always carry a copy," says Dr. Attar Wafa, the chief of polio vaccinations in the insurgent-infested province of Laghman, much of which is a no-go area for government workers and foreigners.

The antipolio campaign brings together the Taliban, President Hamid Karzai's central government, Unicef and the World Health Organization in an uneasy but functioning partnership—one that recognizes the reality of the insurgents' stranglehold over large chunks of the country.

The arrangement shows the possibilities and perils of cooperating with the Taliban. It brings the world a major step closer to eradicating a crippling disease. Yet "there is no doubt that it is a political victory for the Taliban," says Afghan lawmaker Sardar Oghli. "The Taliban are trying to show the world that they are in control."

Mr. Karzai, with Western backing, has repeatedly called for ending the eight-year Afghan war through a broad political settlement with the insurgents. The Taliban leadership has rejected negotiations with Kabul as long as U.S.-led foreign troops remain in the country. But the antipolio drive is already leading to de-facto collaboration between the insurgents and representatives of Mr. Karzai's administration.

"There used to be a ping-pong diplomacy, and now we have a vaccination diplomacy," says Afghan parliament member Daud Sultanzoi, referring to the sports contacts between China and the U.S. in the 1970s that paved the way for talks between the two nations.

For U.S. military commanders in Afghanistan, the arrangement represents a moral dilemma. Coalition military officials shy away from criticizing the WHO and Unicef for reaching out to the Taliban. In an interview, U.S. Lt.-Gen. David M. Rodriguez, the commander of U.S.-led coalition forces here, said: "We support all the efforts to help the people of Afghanistan."

Nevertheless, the fact that the international community and Afghan government authorities must request Taliban permission to operate in large parts of the country makes some Western officials wince. "It's a pact with the devil," says one senior Western diplomat in Kabul. "But it's a pact in order to save lives."

A spokesman for the U.N.'s secretary-general said, "Around the world, the United Nations has tried to make sure that it has acceptance by all parties on the ground to carry out its humanitarian work." The spokesman added, "We always face security challenges, but it's important to carry out inoculations so people do not die."

Taliban-led insurgents either control or exert strong influence in about one-third of the country, mostly in the south and east—areas where the bulk of the polio cases are located. As the insurgents' power grew in recent years, polio teams increasingly faced problems with access to Taliban-dominated districts, according to Dr. Tahir Mir, the WHO's chief of the polio-eradication program in Afghanistan.

Massimo Berruti for The Wall Street Journal

A U.N.-affiliated vaccination worker administers an oral polio vaccine to a child in Afghanistan.

Since Mullah Omar's first letter was issued, in August 2007, vaccinators gained entry to dozens of previously out-of-bounds villages, WHO officials say. More important, the Taliban endorsement allowed many vaccination teams that considered pulling out because of safety concerns to continue operating in other districts, even as fighting intensified.

Mullah Omar's cooperation with Afghanistan's polio drive contrasts with the ban on polio vaccinations imposed by leaders of the separate, but affiliated, Taliban movement in neighboring Pakistan. The relative access enjoyed by vaccination teams in Afghanistan amid an escalating war also shows the degree of control that the Afghan Taliban's central leadership, mostly based in the Pakistani city of Quetta and headed by Mullah Omar, exercises over Afghanistan's many insurgent groups.

Antipolio campaigns have long been opposed by conservative clerics across South Asia as an American-led conspiracy to sterilize or poison Muslim children. This is a key reason why the disease persists in India and Pakistan. Nigeria is the only other country with endemic polio, also largely due to opposition by Islamic preachers.

Eliminating polio in the remaining four endemic countries—a top U.N. priority—would eventually render it unnecessary to vaccinate hundreds of millions of children elsewhere every year. Last year, Afghanistan had 31 diagnosed cases of polio, the vast majority in the insurgency-wracked Kandahar and Helmand provinces, up from four known cases in 2004. The polio virus can cause irreversible paralysis in about one out of 200 infected children.

In the U.S., children usually receive four injections of a vaccine made from the dead polio virus. By contrast, kids in southern and eastern Afghanistan ingest oral doses of the weakened, live virus almost monthly. The reason: The live vaccine is eventually excreted by the children and enters the typically unhygienic local water supply—providing a secondary dose to unvaccinated neighbors.

But unlike the dead virus used in the West, an oral vaccine carries a risk, albeit very small, of actually infecting a healthy child with polio. That possibility helps fuel the anti-vaccination conspiracy theories. For instance, in the Swat Valley in Pakistan, Maulana Fazlullah, a Taliban-affiliated warlord, outlawed polio vaccinations until that area was retaken by government forces last summer.

Afghanistan's Mullah Omar adopted the opposite approach. His letter, viewed by The Wall Street Journal and issued on behalf of the movement's parallel government, the Islamic Emirate of Afghanistan, urges all jihadi fighters and Taliban sympathizers to work with Unicef, WHO and the polio teams. It instructs villagers to take children to a specially designated area where they can receive their dose.

"The Taliban want legitimacy," says Zefnoon Safai, an Afghan lawmaker representing Laghman province, southeast of Kabul. The use of Mullah Omar's letter by U.N. agencies such as the WHO, she adds, "means that these organizations believe that in addition to the Afghan government and international forces there is a third power here, the Taliban."

The Taliban have little love for the U.N., which they view as an instrument of American occupation because the Security Council authorized the presence of some 110,000 U.S.-led foreign troops here. In October, Taliban-affiliated insurgents attacked a U.N. guest house in Kabul, killing several U.N. electoral workers.

Yet on the issue of vaccinations, the Taliban seem to have suspended this enmity, constrained by Afghan public opinion and, just like the foreign troops, eager to win hearts and minds. "When the Taliban were in power, they supported our program, and now that they are in opposition, we expected them to do the same, and we have received a positive response," says Dr. Mir of the WHO.

In mid-2007, when Dr. Mir first asked for a Taliban letter of support, polio teams encountered growing difficulties in accessing insurgent-held areas.

At the time, some vaccinators were beaten up and their rosters snatched by local Taliban, because the teams' frequent home visits and detailed documentation of who lives where aroused suspicions that the health workers were spying on militants. "But now, if they have any problems, they just show the Taliban letter, and it works," says Khushhal Zaman, the WHO's polio-eradication team leader for four eastern Afghan provinces, including Laghman.

It's easy to imagine why insurgents might have been suspicious. On a recent morning, a three-man team—armed with a bucket of vaccine vials and a roster of residents' names and addresses—walked from house to house in the rural outskirts of Laghman's main city, Mehtar Lam. The team's supervisor, a 26-year-old trainee teacher named Nasiullah, used chalk to mark the entrance to every home with a code assigned by the vaccination program, jotting down the number of resident children under five years of age.

"Give me your kid," Mr. Nasiullah demanded as 27-year-old mason Mohamed Hashim brought out his two-month-old daughter, Amida. Then, squeezing the crying baby's cheeks, he poured the vaccine into her mouth. Another team member marked the girl's pinkie with indelible violet ink to indicate she had been vaccinated.

Mr. Nasiullah, who like many Afghans uses only one name, had also been here the previous day, to vaccinate Mr. Hashim's two other children. Just as he started berating the father for not having Amida at home during the earlier visit, their conversation was interrupted by the boom of an explosion on the valley floor below.

While health officials across southern and eastern Afghanistan agree that the Taliban letter is undoubtedly helpful, it isn't always foolproof. In the province of Kunar, east of Laghman, some insurgent commanders have rejected it as a fake, saying they don't recognize the wavy "M.O." initials that constitute Mullah Omar's signature. Similar problems occurred in Kandahar and Helmand, where some local militias maintain little contact with Quetta.

"The letter from Quetta is an umbrella, but how it all trickles down to the local level is not always clear," says Helene Kadi, Unicef's Kandahar-based representative in southern Afghanistan. "This is why negotiations with the local commanders are always important."

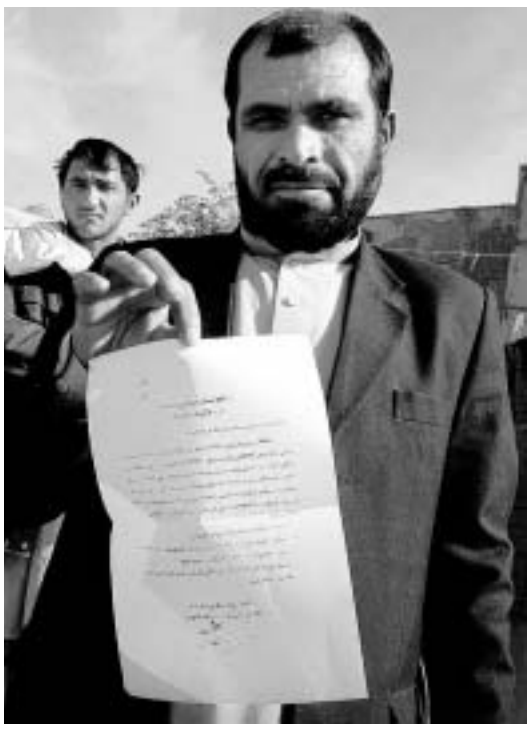
The WHO and Unicef aren't dealing with Quetta and Mullah Omar directly: U.N. agencies have been banned from contacting the Taliban, which the world body blacklisted as terrorists, since the attacks on America of Sept. 11, 2001.

Instead, the International Committee of the Red Cross, the only international organization that maintains regular communications with the Taliban command, acts as an intermediary every time a new letter of support is issued. That happened 10 times in 2009, each time a new vaccination campaign was launched.

Dr. Mir of the WHO says he decided to ask the International Committee of the Red

IN DEPTH

Massimo Berruti for The Wall Street Journal (3)



Clockwise from top, volunteers sponsored by the World Health Organization distribute polio vaccines to children in violence-wracked areas of Afghanistan; to help track which families with children have received the polio vaccine, a volunteer uses chalk to mark the door of a house; to ease their access, many volunteers carry a letter signed by the Taliban's senior leader.

Cross, or ICRC, for assistance after watching how that organization facilitated talks between the South Korean government and the Taliban that led to the freeing of 23 Korean hostages kidnapped by the insurgents in July 2007.

"It struck us, if they can help with this, they can certainly help the children of Afghanistan," says Dr. Mir.

Afghan insurgents generally respect the ICRC's neutrality, unlike their counterparts in Iraq, who blew up the organization's Baghdad headquarters in October 2003. The ICRC maintains first-aid posts in some Taliban-held parts of the country and runs special taxi-ambulance services that evacuate wounded Taliban fighters from the battlefield as well as Afghan civilians caught in the crossfire.

"We have a very constructive dialogue with the armed opposition, and we have contacts with the local leadership as well as the highest leadership sitting in Quetta and in Peshawar," says the ICRC's deputy head in Kabul, Eloi Fillion. "We've gained the trust of these groups because we are efficient in the field."

Red Cross workers coordinate with the Taliban almost daily their movement through insurgent-dominated areas. And the organization has established channels of communication that allow it to receive responses on requests sent to the Taliban's senior leadership within hours, Mr. Fillion says. He declined to elaborate on how that system works because the information could enable the U.S. and its allies to kill or capture Taliban leaders.

Once the ICRC relayed to Quetta the WHO's request for a vaccination-support letter in 2007, the Taliban took about a month to ponder their decision, Dr. Mir says. In the end, the appeal of what amounted to a gesture of international recognition proved irresistible for a movement that views itself as Afghanistan's legitimate government.

These days, Mullah Omar quickly issues a new letter for every vaccination round. The WHO staff then print thousands of copies, distributing them to volunteers.

Dr. Mir says that, because of the rise in insurgent activities in the previously safe northern Afghanistan, vaccination workers now must carry the Taliban letter in northern provinces such as Kunduz and Baghlan, in addition to the south and the east.

In the insurgent-dominated areas, it's the Taliban who select the local vaccination teams and their supervisors. These Taliban-appointed vaccinators then receive the vaccine and the documentation from government health offices, and report back the results once the round is over.

"The insurgents know these locals," says Dr. Mohammad Ishaq, who oversees the polio program in the Kunar province. "They trust them and cooperate with them."

—Habib Zahori and Steve Stecklow contributed to this article.

WSJ.com

Online today: See more photos from Afghanistan at **WSJ.com/World**

EARTHQUAKE IN HAITI

Thousands feared dead in Haiti

As infrastructure crumbles, international aid groups struggle to assist to earthquake-stricken Caribbean nation

By José de Córdoba And David Luhnow

International aid groups scrambled to deliver food, medicine and other supplies to Haiti, where the strongest earthquake in more than two centuries toppled buildings and raised fears that thousands are dead.

President Rene Preval said he believed thousands of people are dead from Tuesday afternoon's disaster.

U.S. ships and disaster-relief teams prepared to deploy to the Caribbean nation, as a range of governments, including the U.K., France and China pledged relief, officials said. United Nations workers readied supply planes, and the International Red Cross mobilized emergency stocks kept in the region.

The partial collapse of communications and other infrastructure has hindered efforts to assess the damage of the magnitude 7.0 earthquake. But terrifying reports, including photos, of collapsed buildings and buried bodies have heightened concern that the destruction is extensive.

The quake struck just 10 miles southwest of the impoverished nation's teeming capital of Port-au-Prince, the U.S. Geological Survey said. Witnesses there reported seeing dead bodies in the rubble, and hearing cries for help.

"I saw dead bodies, people are screaming, they are on the street panicking, people are hurt," Raphaelle Chenet, the administrator of Mercy and Sharing, a charity that takes care of 109 orphans, said in a telephone interview from the capital. "There are a lot of wounded, broken heads, broken arms."

A hospital in Port-au-Prince collapsed, along with dozens of other buildings, including one building in the presidential compound and one other government ministry building, according to Alice Blanchet, a special adviser to the Haitian government. Other landmark buildings in the capital, including the U.N. headquarters and the Hotel Montana, sustained heavy damage, witnesses said.

"I think the only good news was that it hit late and many of the people who would have been working in the buildings were on the street or at home," she said.

The presence of thousands of United Nations' peacekeepers in Haiti has widened the international scope of the disaster. The U.N. mission's headquarters collapsed, killing the mission chief, Tunisian diplomat Hedi Annabi, and others inside, France's Foreign Minister Bernard Kouchner told French radio.

Brazil, which has more than 1,000 troops stationed in Haiti, confirmed four soldiers were killed. Eight Chinese peacekeepers died and others are missing, China's state-run media reported. Jordan's official news agency said at least three of its soldiers were killed.

"For the moment, a large number of personnel remain unaccounted for," the U.N. said in a statement Tuesday.

"At this time of tragedy, I am very concerned for the people of Haiti and also for the many United Nations staff who serve there," U.N. Secretary General Ban Ki-moon said in a statement.

In Port-au-Prince, many houses built on steep ravines collapsed, Ms. Chenet and other witnesses said. Ms. Chenet said she heard a few explosions, which she believed to be gas explosions. The orphans in the two institutions run by Mercy and Sharing weren't hurt, she said.

U.S. President Barack Obama said his thoughts and prayers were with the people of Haiti.

"Clearly, there's going to be serious loss of life in this," U.S. Assistant Secretary of State Philip J. Crowley told reporters.

An estimated 1.8 million people live within the area where the quake was most intense, John Bellini, a geophysicist at the USGS, told The Wall Street Journal. "With a strong and shallow earthquake like this in such a populated area, it could really cause substantial damage," he said.

Nightfall and the chaos after the quake made it too early to estimate the extent of the casualties.

Disaster specialists said various mathematical models for an earthquake of such magnitude in Haiti predict that as many as 4,000 people could have been killed.

The Greek ambassador to Venezuela, Efstathios Daras, who is also representing Greece in Haiti said: "We fear major loss of life, maybe in the thousands or tens of thousands." He described reports of victims trapped in the rubble of collapsed buildings.

"Survivors are using their hands to help get trapped people out. There are fears of big aftershocks which could make the situation even worse. There is huge damage to the infrastructure. We can't get through anymore. All phone lines are down."

Francis Ghesquiere, lead disaster-risk management specialist at the World Bank, said the toll would be exacerbated by the lack of zoning, building codes, and emergency preparedness in a country with a notoriously weak central government.

Security problems could also arise if victims and others, seeking to take advantage of the chaos, resort to looting in the scramble for supplies.

Such events have followed previous disasters in Haiti and now, despite the presence of a U.N. peacekeeping force, "the security situation could be a big problem," warned Mr. Ghesquiere.

The quake was the most powerful to hit Haiti since at least 1770, according to USGS records, Mr. Bellini said. "This isn't normally an earthquake-prone place," he said.

The quake was reportedly felt as far away as Venezuela.

Latin America is no stranger to deadly earthquakes. In 1972, a 6.2-magnitude quake hit Managua, Nicaragua, killing between 3,000 and 7,000 people. In 1976, Guatemala was racked by a 7.5-magnitude earthquake that killed 23,000. And in 1985, an 8.1-magnitude earthquake battered Mexico City, killing at least 10,000 and perhaps many thousands more.

On Tuesday, within minutes of the original tremor, two aftershocks rolled through the area, with magnitudes of 5.9 and 5.5.

The country has also been shaken by political instability. In 2004, President Jean-Bertrand Aristide, a fiery former Catholic priest, was overthrown by a rebellion of former soldiers and flown into exile in South Africa.

In 2008, the country was shaken as thousands took to the streets to protest the high prices of food. Eight in ten Haitians live in poverty, according to the CIA World Factbook.

An 11,000-strong force of U.N. peacekeepers, led by elements of the Brazilian army, have been in Haiti since Mr. Aristide's overthrow to help maintain law and order.

Aside from natural disasters, the island, which is on an important drug-smuggling route from South America, has had to deal with the violence and corruption engendered by drug trafficking.

Rep. Eliot Engel (D., N.Y.), chairman of the U.S. House Foreign Affairs Western Hemisphere subcommittee, said: "This is the worst possible time for a natural disaster in Haiti, a country which is still recovering from the devastating storms of just over a year ago."

The American Red Cross said it will send $500,000 in emergency funding, and dispatch local responders to assess the situation.

"As with most earthquakes, we expect to see immediate needs for food, water, temporary shelter, medical services and emotional support," the organization said Tuesday evening.

Americans with roots in the country issued pleas for help. "If you have any heart at all ... please ... get up and do something. Make a donation," said Jozy Altidore, a member of the U.S. national soccer team whose parents were both born in Haiti, in a Twitter feed.

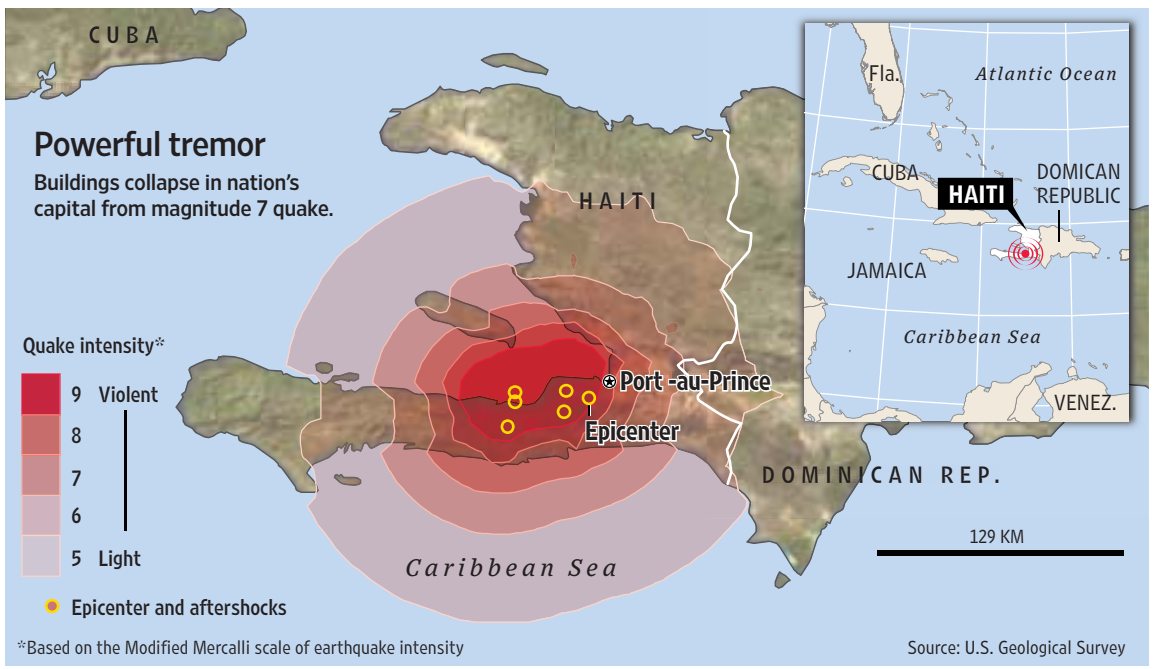
Haiti has had a turbulent history alternating between dictatorship, civil war and coups since black slaves defeated Napoleonic troops to declare its independence in 1804, becoming the world's first black republic.

The country was largely isolated during the 19th century by European powers that didn't want to encourage other slave rebellions. Beset by chaos and civil war, Haiti was occupied by the U.S., which sent Marines to run the country from 1915 to 1934.

From 1957 to 1986, the island was ruled first by dictator François Duvalier who was succeeded by his son Jean-Claude, who was overthrown in 1986.

Reuters (After); Agence-France Presse/Getty Images (Before)

The presidential palace in Port-Au-Prince, before and after heavy damage from Tuesday's earthquake. President Rene Preval said he believed thousands of people are dead from the disaster.



As of 11 a.m. ET **Euro** 1.4508 ▼ 0.20% **Yen/US$** ¥91.26 ▲ 0.35% **Yen/A$** ¥84.21 ▲ 0.06% **Oil** 79.21 ▼ 1.96% **Gold** 1121.00 ▼ 0.70% **10-year Treasury** ▼ 1/32 yield 3.726% **3-month Libor** 0.25125

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BUSINESS & FINANCE.

Thursday, January 14, 2010 THE WALL STREET JOURNAL. asia.WSJ.com

China curbs loan commissions

Banks told to stop paying real-estate agents who bring in mortgage customers; reining in a soaring market

SHANGHAI—China has told banks to stop giving commissions to real-estate agents for introducing mortgage customers, as Beijing tries to rein in an overheated property market and unscrupulous lending practices.

The warning from a banking industry association came after an unexpected decision by the central bank to tighten the reserve requirement for commercial lenders, a move aimed at curbing loan growth amid mounting concerns over inflation and a broad-based asset bubble.

The China Banking Association said Wednesday that the new guideline on housing-loan commissions has been in effect since Jan. 1. The association, which is under the directive of China's banking regulator, didn't specify whether banks that ignore the guideline would be penalized.

"High commissions paid by banks to real-estate agents have seriously disturbed the [financial and real-estate] markets and impacted banks' credit business," the China Banking Association said in a statement.

Agents could receive commissions ranging from 1.2% to 1.5% of a home's value from banks, the state-run Shanghai Securities News reported, citing several agents.

The practice isn't unique to China but has raised concerns among regulators, as banks often reduced lending rates or relaxed lending practices to secure individual mortgage loans, a lucrative sector for lenders, while real-estate agents helped borrowers forge mortgage documents to get higher commissions.

Individual mortgage loans soared

Please turn to page 19

Reuters

A statue of Mao Zedong stands before a residential construction site in Taiyuan, Shanxi province.

Free-texting gamble bolsters Indian firm

By Amol Sharma

NEW DELHI—A service called SMS GupShup is winning the race to become India's version of Twitter by promoting social networking through text messaging on cellphones. But it faces a challenge: It can't afford to be too popular.

SMS GupShup lets groups of cellphone users discuss everything from stock tips to poetry through free mass text messaging. The service reaches 26 million users and says it accounted for 5% of the 148 billion text messages sent in India last year.

The social-networking boom that began in the U.S. with services such as Facebook and Twitter is spreading to emerging markets, but the models that were successful in Silicon Valley won't work in countries like India where Internet penetration is low and consumers use cellphones more than PCs.

SMS GupShup's strategy of targeting cellphone users comes with special challenges. Each text message a user sends costs money and SMS GupShup—which means "chit-chat" in Hindi—pays on their behalf. While the company buys capacity in bulk from Indian wireless operators, it still costs about 20 U.S. cents for each 200 messages.

Given those economics, SMS GupShup is being careful not to let its message traffic grow beyond its ability to generate revenue, which is coming in from advertisers such as local insurance provider ICICI Lombard and international brands like Puma, Microsoft and Cadbury.

SMS GupShup

A GupShup text

Thus far, its strategy has been to limit usage. Users can post a maximum of four to eight messages per day, depending on the size of their audience. Larger groups get a smaller allowance of messages.

"Messages cost money. There is a cost constraint to how fast we can grow," said Beerud Sheth, chief executive of **Webaroo Technology India** Pvt. Ltd., which launched the SMS GupShup service in 2007. The service generates about $225,000 in

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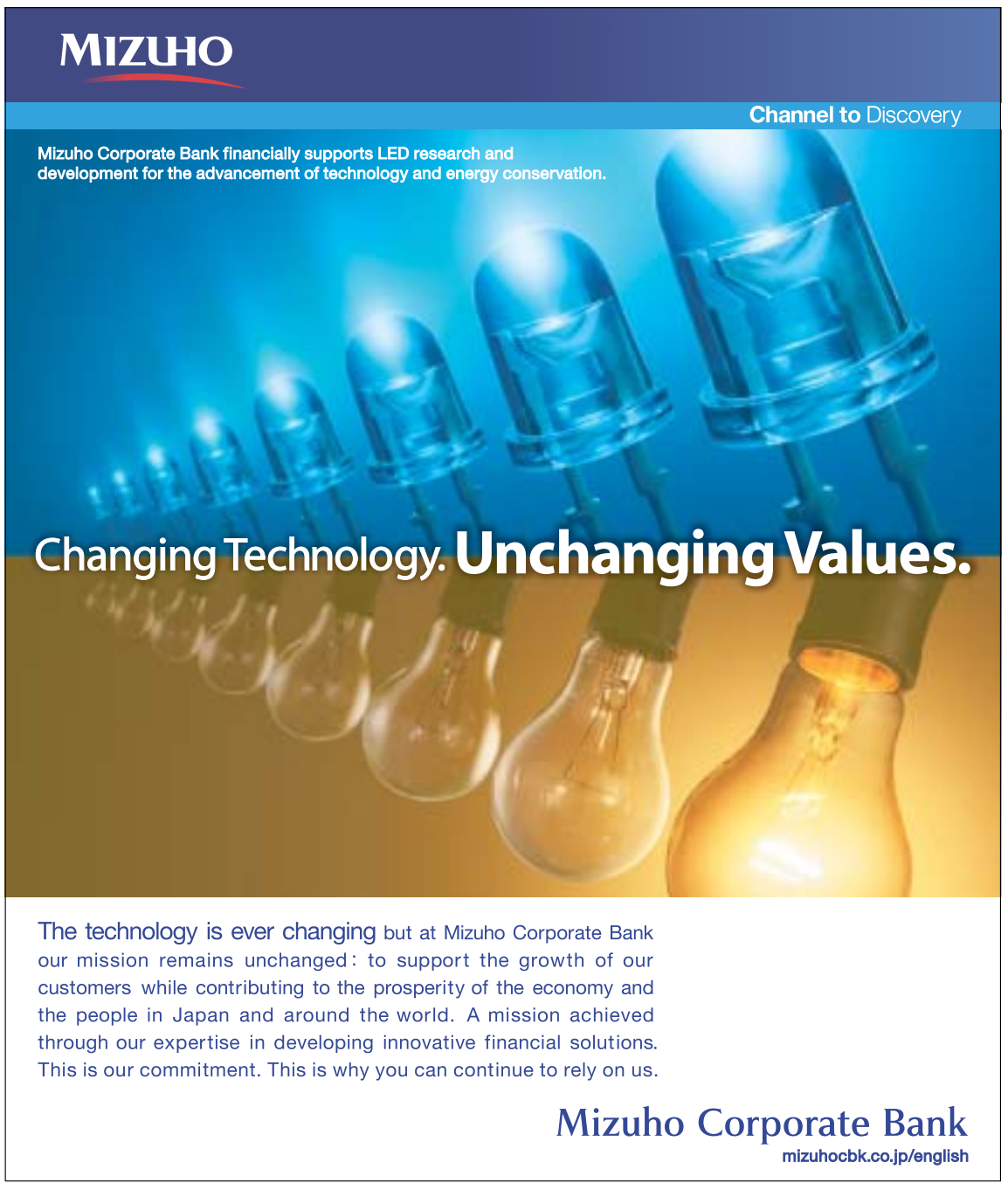
MIZUHO
Channel to Discovery
Mizuho Corporate Bank financially supports LED research and development for the advancement of technology and energy conservation.
Changing Technology. Unchanging Values.
The technology is ever changing but at Mizuho Corporate Bank our mission remains unchanged: to support the growth of our customers while contributing to the prosperity of the economy and the people in Japan and around the world. A mission achieved through our expertise in developing innovative financial solutions. This is our commitment. This is why you can continue to rely on us.
Mizuho Corporate Bank
mizuhocbk.co.jp/english

Hynix lenders curb sale plan

Purchase requirement is reduced to 15% after tepid response from potential investors

By Jung-Ah Lee

SEOUL—Creditors of South Korea's **Hynix Semiconductor** Inc. scaled back their plan to sell a stake in the memory-chip maker amid a lukewarm reception from potential investors and are restricting the initial sale to domestic investors.

Following a meeting Wednesday, **Credit Suisse Group**, one of the lead managers handling the sale, said creditors will sell only part of their combined 28% stake in order to lighten the burden of a potential buyer.

An executive of Korea Finance Corp., one of Hynix's shareholders, said a potential buyer could purchase a minimum stake of 15%.

A 28% stake in Hynix is equivalent to $3.6 billion based on current market prices.

In November, conglomerate **Hyosung** Corp., which was the sole bidder for the Hynix stake, withdrew its bid on concerns about funding. Following that withdrawal, creditors, now turned shareholders after several debt-for-equity swaps, sent out invitations in December to domestic companies to seek bids again.

The creditors said they would receive preliminary bids for the entire stake, or a portion of the stake, by Jan. 29.

Korea Finance and **Korea Exchange Bank**, another shareholder, were hoping to find a buyer for the full 28% stake, equivalent to 165.48 million shares.

Kim Kwang-joon, director of Credit Suisse's investment-banking department, said that once local companies show interest in the sale by the end of this month, shareholders may choose a preferred bidder sometime in the second quarter.

Reuters

A Hynix plant in Icheon, southeast of Seoul. The semiconductor company is expected to report a profit this year.

The comments dash hopes for any foreign buyer to pick up a stake in Hynix, though this doesn't come as a surprise.

In 2003, Hynix gambled on its own recovery by turning down an acquisition bid from rival **Micron Technology** Inc., amid concerns about technology transfer.

Shareholders also said Wednesday that it is the "right time" for investors to buy into the Korean chip maker, as Hynix is expected to see a sizable profit this year.

Hynix nearly collapsed in 2001 under the weight of heavy debt after chip prices fell sharply, but creditor banks such as Korea Exchange and **Korea Development Bank** bailed out the company.

The chip maker is expected to be profitable in 2010, after posting losses early in 2009, as chip prices continue to recover and corporate demand for personal computers rebounds, Chief Executive Kim Jong-kap said recently.

After remaining in the red for the seven consecutive quarters, Hynix posted a third-quarter net profit of 246.3 billion won ($219.8 million), reversing a year-earlier net loss of 1.67 trillion won.

Credit Suisse, **Woori Investment & Securities** and Korea Development Bank are joint lead managers for the sale.

Nintendo's Wii console to stream Netflix movies

Associated Press

NEW YORK — The Nintendo Wii is the last of the three current videogame consoles to get instant viewing of Netflix movies and TV shows over the Internet.

Wii owners who have a broadband connection and a Netflix subscription that costs at least $8.99 a month will be able to watch those programs with no extra charge.

Nintendo Co. and **Netflix** Inc., which wouldn't give an exact launch date for the service, announced the deal Wednesday.

To watch flicks through the gaming system, Wii users will need a special "instant-streaming" disc that Netflix will mail out in the spring. They will then be able to use the Wii's motion controller to navigate through their Netflix account and pick what they want to watch. This setup is similar to the way **Sony** Corp.'s PlayStation 3 currently streams Netflix programs.

Owners of **Microsoft** Corp.'s Xbox 360 can also stream Netflix, but the service is available to Xbox Live "Gold" members, who pay $50 a year mainly to play games online.

The Wii is a great catch for Netflix because it gives it access to the living rooms of millions of potential new subscribers. It is easily the most popular gaming console in the U.S. with 26 million sold in the country through December, according to Nintendo.

Netflix CEO Reed Hastings has long said his company's goal is to offer movie streaming on as many devices as possible.

Woodside faces delay in Timor for LNG project

By Stephen Bell

PERTH, Australia—Amid reports that the former East Timor planned to block its development proposal, Australia's **Woodside Petroleum** Ltd. said it is finalizing a plan for its Sunrise liquefied-natural-gas project that will deliver "significant" benefits to the country.

The apparent hard line by East Timor, which wants an LNG plant built on its coastline, raises the prospects of further delays. Woodside hopes to pipe the gas to an existing plant in Darwin in northern Australia or use a floating LNG plant.

Containing more than five trillion cubic feet of gas and associated condensate, Sunrise was discovered more than three decades ago. But its location in a joint petroleum-development area between Australia and what's now known officially as Timor-Leste has frustrated several previous development attempts.

According to the Associated Press, East Timor Secretary of State Agio Pereira said Wednesday that proposals from Woodside to exploit the Sunrise field "would not be approved by the government."

East TImor wants to create a new petrochemical sector on its shores to create jobs and spur the economy. But Woodside has ruled out landing the gas there, citing the costs and technical risks of building a pipeline across an ocean trench.

Under a treaty between the two countries, Woodside is required to develop the gas "to the best commercial advantage, consistent with good oil-field practice," the company said.

Woodside said it would work with the East Timor and Australian governments to secure the timely approval of a development plan. Sunrise will deliver "significant social and economic benefits," the company said.

The project, which Woodside hopes will be approved by next year, is one of several big LNG developments planned by the energy company as it pushes to become a global LNG player.

Woodside's Sunrise partners are ConocoPhillips, Royal Dutch Shell Group and Osaka Gas Co.

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WorleyParsons cuts its earnings outlook

By Rebecca Thurlow

SYDNEY—**WorleyParsons** Ltd. reduced its fiscal full-year earnings guidance after the Australian company's power operations were hit by uncertainty over how governments may combat climate change.

Shares in the engineering-services provider closed down 11% Wednesday amid expectations of broker downgrades in reaction to the lowered forecast.

WorleyParsons said it expects net profit for the fiscal year ending June 30 of between 280 million Australian dollars and 320 million Australian dollars, or between US$258 million and US$294 million. The projection is down from the company's October forecast of A$320 million to A$350 million.

"Power operations, particularly in the U.S., have been adversely affected by decreased demand and increased legislative uncertainty concerning the treatment of carbon," WorleyParsons said in a prepared statement.

The company's power division provides services such as maintenance and upgrades to gas, coal, oil and nuclear power plants and transmission and distribution systems.

With cap-and-trade bills before the U.S. Senate, analysts say some power plants in the U.S. are holding off on making big decisions, especially regarding capital investment.

"What is happening with coal-fired power stations in the U.S. is an issue," said an analyst from a major broker. "There is legislation that's coming into power that will impact them and that's creating a lot of uncertainty," the analyst added.

WorleyParsons also said demand for its services across the U.S. domestic refining and petrochemicals industries has weakened.

In Sydney trading, WorleyParsons declined A$3.36 to close at A$25.99.

The recently announced acquisitions of Australian infrastructure-services company Evans & Peck and Brazilian services group CNEC Engenharia are no longer expected to contribute significantly to WorleyParsons's second-half result, the company said.

However, WorleyParsons said it is encouraged by increasing activity in a number of regions and customer groups, "supporting our view of a more significant weighting of earnings" to the second half of the financial year. "The company is confident that its medium-term and long-term prospects remain very positive," it said.

WorleyParsons shares rose strongly into the new year, rallying 21% from their November low of A$25.52 to a high of A$30.95 earlier this month.

"The market is likely to be surprised by this announcement given recent strength in the stock," said IG Markets research analyst Ben Potter in a client note.

—Bill Lindsay in Sydney contributed to this article.

China curbs commissions for home-loan business

Continued from page 17

last year amid a property-sector boom formed by supportive measures from the government, which included tax breaks, smaller down-payment requirements and lower loan rates for first-time home buyers.

Central-bank data show that banks extended 952 billion yuan ($139.45 billion) worth of individual mortgage loans in the first three quarters of 2009, nearly four times the amount issued in the same period of 2008.

Property prices have hit record highs in major cities in China since the third quarter of 2009. Prices in more-affluent coastal areas were especially strong.

In December, prices of new housing in Shanghai rose to an average of 20,187 yuan per square meter, up 8% from November, government data show.

Sizzling property prices have worried not only ordinary citizens but also top government leaders.

In a rare media interview in December, Premier Wen Jiabao expressed his concerns about what he described as an "overly rapid" rise in real-estate prices.

Fears that high property prices would fuel inflation and threaten social stability have prompted Beijing to begin tightening its policies on the real-estate market and home purchases.

Measures include the introduction of a nationwide minimum down payment on land purchases, and the withdrawal of a favorable business-tax policy on the purchase of second homes.

In a clear signal that Beijing is shifting its policy focus toward pre-empting inflation risks from single-mindedly supporting economic growth, the People's Bank of China said Tuesday that it will raise the proportion of money that banks must deposit with the central bank by 0.5 percentage point, reducing the amount of cash banks have available for lending.

Regulators also told banks to tighten lending for second-home buyers, as part of efforts to prevent speculation.

China's cabinet reiterated on Sunday that buyers of second homes will have to pay a minimum down payment of 40%, double the level for first-time home buyers.

—Rose Yu

Chip case offers big names

Rambus lawsuit against Samsung, Hynix moves to pretrial motions

By Don Clark

A high-stakes trial pitting **Rambus** Inc. against three chip makers—which could bring chief executives of some giant technology companies to the witness stand—is expected to begin opening maneuvers Wednesday.

The case in San Francisco County Superior Court centers on allegations by Rambus that **Micron Technology** Inc. of the U.S. and South Korean chip makers **Samsung Electronics** Co. and **Hynix Semiconductor** Inc. illegally conspired to block Rambus technology from industry acceptance.

Rambus is hoping to win billions of dollars in damages from the case. The three companies deny the allegations.

Paul Otellini

Rambus, of Los Altos, Calif., licenses patented technology that is used to accelerate the performance of memory chips, including products known as dynamic random-access memory, or DRAM, chips that are a mainstay of personal computers. The company's history has been marked by litigation, including patent battles with numerous chip makers and an antitrust case by the U.S. Federal Trade Commission that was rejected by an appeals court.

Judge Richard Kramer is expected to review pretrial motions Wednesday, a Rambus spokeswoman said, adding that the schedule for jury selection and opening arguments wasn't clear.

The witness lists have some big names.

Rambus included Michael Dell, founder and chief executive of the big computer maker, and Steve Appleton, Micron's chief executive, among 144 witnesses on a list it filed with the court in December.

Michael Dell

Micron, Boise, Idaho, meanwhile, listed Paul Otellini, chief executive of **Intel** Corp.; Craig Barrett, Intel's former chairman and CEO; Michael Splinter, CEO of Applied Materials Inc., and a former Intel executive; Bruce Sewell, Apple Inc.'s general counsel, who previously held that position at Intel; Patrick Gelsinger, a longtime Intel executive vice president who recently took a senior job at EMC Corp.; and Andreas Bechtolsheim, a co-founder and longtime hardware designer for **Sun Microsystems** Inc. who is chairman and chief development officer of the start-up Arista Networks Inc.

Rambus began working in the early 1990s to popularize a chip variant it called RDRAM, gaining backing from companies that include Intel. But RDRAM was later eclipsed by competing technologies that were backed by the defendants and other chip makers.

Rambus opponents have alleged that the company improperly destroyed documents and illegally misled a group that sets industry standards into adopting Rambus technology without disclosing plans to patent it. Rambus has denied those allegations and has persuaded several courts of its position.

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CORPORATE NEWS

Back to the future: GM bets on trucks

U.S. auto maker plans to revamp pickups, anticipates solid demand from contractors and small businesses

By Sharon Terlep

General Motors Co. has freed up cash to fund a major update of its full-size pickups, a bet that consumers and businesses will resume buying trucks after a long lull in sales.

Chairman and Chief Executive Edward E. Whitacre Jr. has agreed to fund the move, said GM product chief Tom Stephens. The remodeling could cost the company close to $1 billion, a person familiar with the matter said.

GM, which had relied on full-size pickups such as the Chevrolet Silverado for a major portion of its U.S. revenue and operating profit, had put off redesigning the trucks as its finances collapsed and it underwent a government-backed bankruptcy reorganization last year.

Now, unlike in the 1990s truck boom, the company plans to revitalize its pickup line at the same time it invests heavily in small, fuel-efficient cars as well as in the electric Chevrolet Volt due later this year. At this week's big Detroit auto show GM displayed its new Chevy Cruze, which it hopes will be its first strong contender in compact cars in decades.

Trucks sales sagged in the past two years after gasoline spiked to $4 a gallon in 2008 and home sales—a big driver of truck purchases by contractors and builders—collapsed amid the recession.

GM now is trying to boost revenue and return to profitability in a bid to repay the $6.7 billion in cash it owes the U.S. government. The Treasury Department also invested roughly $50 billion more in GM that was converted into a 60% stake in the auto maker.

The government has pushed GM, **Chrysler** LLC—which also restructured in a federally financed bankruptcy—and other auto makers to produce smaller, more fuel-efficient vehicles, including battery-powered cars. But administration officials said Tuesday that any decision by GM to move more heavily into trucks was the company's own business, and that neither the Treasury nor the White House was involved.

"The administration has said from the start that we won't be involved in day-to-day operations of GM or Chrysler, which includes decisions about the styles, colors or sizes of the automobiles sold. This falls outside the scope of our role," said one administration official.

The update would focus predominantly on pickups. GM already has reduced production of big sport-utility vehicles that are made from the same underpinnings as its trucks. These SUVs, such as the Chevy Suburban, have drawn criticism from environmentalists who say they consume too much fuel to be used for hauling families.

GM has started making lighter, more fuel-efficient models called crossovers, such as the Chevy Traverse, that aren't based on trucks but still offer room for six or seven people. Still, it will continue to make traditional SUVs, Mr. Stephens said.

GM's renewed truck push is unlikely to conflict with the government's desire to raise overall fuel economy because GM's new generation should get better gas mileage than today's pickups.

Under new federal fuel-economy mandates, GM's truck lineup must average 24.1 miles per gallon by 2011. GM's biggest trucks and SUVs won't reach those numbers, but the company's entire truck line, which includes many smaller, more fuel-efficient models, will meet the average, Mr. Stephens said.

Until the past few years, full-size pickups had been a big business for Detroit car companies. They often sell for $30,000 and more and generate thousands of dollars in operating profit each.

While political leaders push for fuel efficiency, the Obama administration also has displayed that it appreciates the profit-making power of trucks.

Early last year, the president's automotive task force made GM justify why it should keep the GMC truck brand, whose models are virtually identical to Chevrolet's. The company successfully made the case that GMC customers are willing to pay more for those trucks than Chevrolet's—and may not even consider buying a Chevy—making the brand critical to GM's profitability.

GM's Sierra and Silverado compete with **Ford Motor** Co.'s F-150 and the Dodge Ram made by Chrysler. Redesigns of the F-150 and Ram were launched in late 2008 with some features that the GM models lack. The Silverado and Sierra got their last major update in late 2006.

In an interview at the auto show, GM's Mr. Stephens said Mr. Whitacre approved a top-to-bottom exterior redesign and engineering overhaul to make the vehicles guzzle less gas without giving up any of their capabilities, such as cargo capacity.

The makeover is more extensive than what GM had planned heading into bankruptcy and will be one of the company's biggest redesign efforts this year.

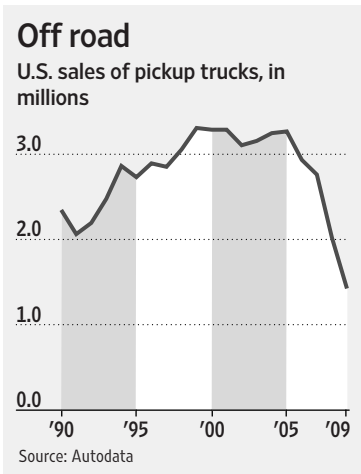
Full-size trucks "have been and will continue to be important to us," Mr. Stephens said. Some customers who bought the vehicles for personal rather than business use won't return to the market, he said, but demand among contractors and small businesses will remain solid.

"When the housing industry starts to pick up, you will see truck sales increase immediately and companies will need to have fresh products out there," said Ivan Drury, an analyst with car shopping Web site **Edmunds.com**.

GM's new trucks won't likely launch until 2012 or 2013. A team of designers recently showed off their latest mock-ups of the vehicles and said more funding would help create a more eye-catching look. Mr. Stephens said he took the request to Mr. Whitacre, who immediately approved the additional expense.

United Press International

GM Chairman Ed Whitacre, left, speaking with company executive Tom Stephens at the Detroit auto show on Tuesday.



BYD hopes to sell electric car in U.S. this year

By Matthew Dolan

BYD Auto Co. showcased an all-electric car Monday that the Chinese company intends to sell in the U.S. by the second half of the year, joining a raft of new entrants seeking to grab a piece of the emerging market for emissions-free vehicles.

The details, however, remain unclear. In an interview through a translator, Wang Chuan-fu, chairman of the auto maker's parent, **BYD** Co., said BYD Auto was still trying to determine how many e6 electric cars could be imported and sold in the U.S., at what price and through what kind of distribution network.

"It's very hard for us to estimate," Mr. Wang said. "There are lot of things in the market that are pending, and there are lot of things that are unsure.In the beginning, we don't think it will be a huge quantity."

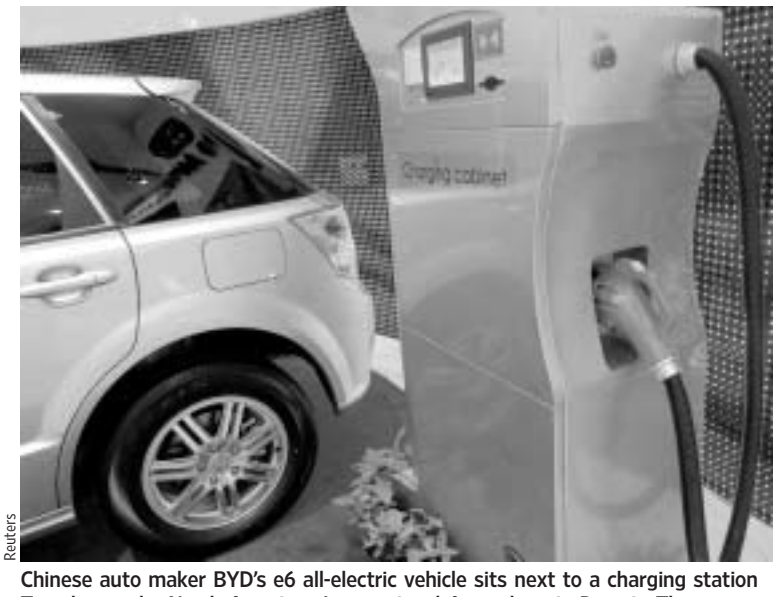
In China, where the e6 will first go on sale, BYD—which stands for Build Your Dreams—expects to sell vehicles for city use by the government, utility companies or fleets of taxis, according to Mr. Wang. BYD expects it could be used similarly in the U.S., while a later, plug-in hybrid vehicle may be more appropriate for individual American consumers.

Previously, Mr. Wang had said the company planned to pick a specific region within the U.S. and initially market "a few hundred" e6s, priced at slightly more than $40,000, through a small number of dealers. He wouldn't say Monday if the pricing plans remained the same.

BYD is backed by MidAmerican Energy Holding Co., the unit of Warren Buffett's **Berkshire Hathaway** Inc. that paid about $230 million for a 9.9% stake in BYD. Mr. Wang on Monday said "it is possible" that BYD may seek partners in the U.S. to help sell its car, but he said those options are still being studied. He said the cost of the battery used in BYD's electric vehicles remains too high but anticipates that U.S. consumers will seek out these cars as the economy improves and gasoline prices rise. The e6 will be marketed as a five-passenger crossover-style vehicle that can travel more than 200 miles on a single charge.

Unlike some of its Chinese competitors, BYD doesn't plan to buy brands from global auto makers, Mr. Wang said. **Zhejiang Geely Holding Group Company** Ltd., for example, is in the midst of buying **Ford Motor** Co.'s Sweden-based **Volvo** brand.

"For us, we have a focus on the fast growing Chinese market," he said, adding that BYD's 2009 sales of 450,000 in China was an increase of 160% over 2008 figures.



Reuters

Chinese auto maker BYD's e6 all-electric vehicle sits next to a charging station Tuesday at the North American International Auto show in Detroit. The car may be available in the U.S. later this year.

CORPORATE NEWS

New global focus for Bharti Airtel

Kohli will head new international division

By R. Jai Krishna

NEW DELHI—**Bharti Airtel** Ltd. Wednesday named its current chief executive of Indian operations to head a newly created international business division as the telecommunication-services provider intensified efforts to grow beyond the domestic market.

The company said Manoj Kohli, joint managing director and chief executive of Indian and South Asian operations, will become the chief executive of the international business group.

Deputy Chief Executive Sanjay Kapoor will succeed Mr. Kohli as chief executive of Indian and South Asian business, and oversee its mobile-phone operations, wired-line and broadband unit as well as enterprise and direct-to-home television-broadcasting businesses in the region, Bharti Airtel said in a statement.

The new appointments are effective April 1, and both Messrs. Kohli and Kapoor will report to Chairman and Managing Director Sunil Bharti Mittal, it said.

Bharti Airtel, India's top mobile-services provider with about 118 million subscribers at the end of December, is trying to expand abroad as intense competition and a telecom price war at home continue to erode profit margins.

India is the fastest-growing wireless telecommunication market in terms of new users, but the call rates are among the cheapest in the world—in some cases, below one cent a minute.

"We continue to win in the Indian telecom market, which is going through a phase of hypercompetition," Mr. Mittal said in the statement. "At the same time, we will be developing comprehensive plans for our journey to cover emerging markets beyond India and the South Asia."

Last year it tried to merge with South Africa's **MTN Group** Ltd., but had to scrap the proposed multibillion-dollar deal in September because of regulatory hurdles.

Bharti Airtel already has operations in Sri Lanka, launched in January of last year. On Tuesday, the company said it would buy a 70% stake in Bangladesh's **Warid Telecom International** for $300 million, further expanding its operations in the South Asian region.

Free-texting gamble bolsters firm

Continued from page 17

monthly revenue, mostly through paid ads that run at the bottom of users' messages. Mr. Sheth said he expects the service to turn its first profit in the third quarter.

Marketers also have the choice of paying to send messages. Mr. Sheth said he hopes to grow the advertising enough to eventually relax the constraints.

U.S. social-networking start-ups haven't had to restrict usage, because they grew up via the Web, where the cost of the messages users send is minimal. In India, social-networking companies have little choice but to focus on mobile phones.

The country has nearly 500 million cellular users, but 52 million PC Internet users, most of whom have slow connections. "In India, mobile is the right medium for companies like this, not the Web," Mr. Sheth said.

Since wireless networks and most mobile devices don't yet support fast Web browsing, the easiest way to target Indian cellphone users is through text messaging, which is hugely popular.

U.S. companies are racing to adapt. Twitter is hyped in India, because of high-profile users like Bollywood actor Shah Rukh Khan and politician Shashi Tharoor. The company has 1.3 million Indian users via the Web, according to online audience measurement firm ViziSense, but is still trying to reach the mass market via cellphones. Last November **Twitter** Inc. struck a deal with Indian wireless giant **Bharti Airtel** Ltd., allowing the 140-character updates known as tweets to be sent to the carrier's subscribers via text messages.

"With India, the key is definitely getting into mobile phones," Twitter said in a statement. "The deal with Airtel was a leap in the right direction."

Google Inc. in November 2008 launched an experimental service in India called SMS Channel that works like SMS GupShup, offering free text messaging to groups. A Google spokeswoman wouldn't disclose how many users it has, but said the product has seen strong word-of-mouth growth despite no marketing.

Facebook Inc., which has 9.5 million Web users in India, according to ViziSense, last July chose to partner with SMS GupShup for mobile. Under the deal, Facebook pays an undisclosed fee to the Indian company to deliver its users' status updates via text messages.

Facebook said SMS GupShup had the "most relevant infrastructure and team" and allowed the company to "cover 100% of all Indian users on Day 1." Facebook has since struck some deals with individual Indian operators.

The U.S. companies let users access services through cellphone Web browsers, but analysts say it could take years before average Indians have Internet-ready phones. "The inflection point will happen when 3G [high-speed] wireless services finally take off," said Diptarup Chakraborti, a wireless analyst for Gartner in India. The Indian government is preparing to auction radio spectrum for 3G services.

Another Indian company called MyToday SMS delivers text-messages to 3.8 million users on topics such as astrology, cricket and jokes. But members don't exchange messages with each other.

SMS GupShup has raised about $25 million from angel investors and venture firms, and its growth has been rapid. Already, Mr. Sheth is talking of expansion into Asia and Latin America.

O'Brien refuses move by NBC

By Sam Schechner And Shira Ovide

Conan O'Brien, the host of "The Tonight Show," rejected NBC's effort to effectively demote him, casting doubt over his future at the **General Electric** Co. network.

Mr. O'Brien indicated Tuesday he won't participate in NBC's plans to move "The Tonight Show" a half hour later to accommodate "The Jay Leno Show" at 11:35 p.m. Eastern time. Mr. O'Brien and his advisers have been mulling their options.

" 'The Tonight Show' at 12:05 simply isn't the 'Tonight Show,' " Mr. O'Brien said in his statement laced with tough talk for NBC but also humor. The statement was addressed to "People of Earth" and ended with Mr. O'Brien apologizing for his trademark bouffant hairdo.

Mr. O'Brien's public stance appears to be an effort to force NBC's hand. The question now is whether NBC will back down from its late-night shakeup or work out his exit.

NBC declined to comment.

Gavin Polone, Mr. O'Brien's manager, declined to say whether NBC's proposed schedule change or Mr. O'Brien's departure would constitute a breach of Mr. O'Brien's contract.

"You want to know what Conan wants? What he was promised: 11:35," Mr. Polone said. "This whole thing could end right now."

The 46-year-old Mr. O'Brien, who took over "The Tonight Show" from Mr. Leno just seven months ago, said losing the show would be "an enormous personal disappointment," but he added: "I cannot participate in what I honestly believe is its destruction."

Getty Images

Conan O'Brien, seen a year ago, says he has 'no idea what happens next.'

He said he has no other offer and has "no idea what happens next."

A departure by Mr. O'Brien would undo NBC's efforts since 2004 to placate its two biggest late-night stars. The network had retained a restive Mr O'Brien by promising him the "Tonight" chair in five years. As the handoff neared, NBC gave Mr. Leno a prime-time spot.

Mr. O'Brien said in his statement that he hopes that he and NBC can "resolve this quickly so that my staff, crew, and I can do a show we can be proud of, for a company that values our work."

Less than a year after he took over the venerable "Tonight Show" franchise, Mr. O'Brien said he was aggrieved about how NBC had treated him. He said he was disappointed the network didn't give him time to gain footing at 11:35 p.m., nor support his show with popular prime-time series.

Mr. Leno's show, which made its debut in September, has posted lackluster ratings. After days of speculation, NBC said Sunday it will move Mr. Leno out of prime time into a half-hour show beginning at 11:35 p.m. weeknights.

—Amy Chozick contributed to this article.

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'Tipper X' hangs over Galleon

Trader's identity could lead prosecutors down new paths; Rajaratam's bail stands

By Susan Pulliam
And Kara Scannell

A hedge-fund manager known to prosecutors as "Tipper X" in the **Galleon Group** insider-trading investigation could lead prosecutors to scrutinize hedge funds not previously implicated in the probe, people familiar with the case say.

The manager was identified as Thomas Hardin by the people familiar with the inquiry. Mr. Hardin was a trader at **Lanexa Global Management**—one of a number of hedge funds known as "Tiger Seeds" because they received seed money from Julian Robertson, the founder of Tiger Management, a well-known fund that closed in 2000.

It isn't clear how much money Mr. Robertson has invested in Lanexa, which is located in the same Manhattan building as his office.

Mr. Hardin, 32 years old, is included in a list of individuals that the U.S. Securities and Exchange Commission has provided to defense lawyers as potential witnesses as part of the "discovery" process in the civil proceeding in the Galleon insider-trading case.

A lawyer for Mr. Hardin, who hasn't been charged in the case and left Lanexa in January 2009, didn't return calls for comment.

There is no suggestion that Tiger Seeds or Mr. Robertson are involved in the insider-trading case; a spokesman for Mr. Robertson declined to comment.

At issue is the largest insider-trading case filed by the government in two decades, involving more than 20 defendants and several confidential witnesses.

The government filed the first of two sets of charges in the case in October, charging Galleon founder Raj Rajaratnam with insider trading, along with five other hedge-fund managers and technology executives. The defendants have pleaded not guilty.

In November, the U.S. widened the case, eventually charging 15 others, some of whom were alleged to have exchanged cash on street corners, and one of whom was known among associates as "Octopussy," a reference to the James Bond movie.

Reuters

Raj Rajaratnam arrives at Manhattan Federal Court on Tuesday. A judge denied Mr. Rajaratnam's bid to reduce his bail.

Last week, one of the defendants in the case, former McKinsey consultant Anil Kumar, pleaded guilty to insider-trading charges and agreed to cooperate with the government.

Mr. Hardin, or "Tipper X" as he is referred to in the SEC complaint, was tipped off on July 2, 2007, to a Blackstone Group Inc. takeover of Hilton Hotels Corp., according to the SEC complaint.

After receiving the tip, the SEC says, Tipper X then tipped Gautham Shankar, a trader involved in the alleged "Octopussy" ring, about the takeover.

Tipper X "traded profitably" on the tip, according to the SEC complaint, while Mr. Shankar bought 25,000 shares of Hilton and made a profit of $156,000, the complaint says. Mr. Shankar pleaded guilty to insider-trading charges and is cooperating with the government's investigation as well. A lawyer for Mr. Shankar didn't return calls for comment.

Mr. Hardin's name surfaced in a court filing made by the SEC in connection with the civil case, which is moving toward a trial date this summer under federal judge Jed Rakoff.

The filing includes a list of individuals that the SEC says might have information about the case.

The government has said its investigation is continuing and the large number of cooperating witnesses in the case could spawn other investigations, people close to the situation say.

Separately, a federal judge denied Mr. Rajaratnam's bid to reduce his $100 million bail Tuesday, but did allow him to remain out of jail pending trial on insider-trading charges despite a renewed request by prosecutors that he be detained.

U.S. District Judge Richard J. Holwell in Manhattan found there was no reason to alter the bail package for Mr. Rajaratnam.

"I don't feel there's anything in the record that $20 million of security will impair the defendant's ability to marshal a defense or live his life," Judge Holwell said.

Assistant U.S. Attorney Joshua Klein said the gains attributable to Mr. Rajaratnam could exceed $50 million. Mr. Klein said Mr. Rajaratnam could face 235 months to 293 months in prison if convicted of reaping improper gains in that amount.

On Tuesday, John Dowd, Mr. Rajaratnam's lawyer, called the statements by former McKinsey consultant Mr. Kumar in his plea a "false accusation" and said his client will plead not guilty if a superseding indictment is filed.

"He's pled not guilty and we intend to try his case and demonstrate that he's innocent," Mr. Dowd said.

Mr. Dowd said Mr. Rajaratnam has effectively wound down his Galleon funds since the arrest, with his investors receiving their investments and some profits. "He's simply not a risk of flight," Mr. Dowd said.

—Chad Bray contributed to this article.

SocGen issues profit warning; $2 billion hit

By Sebastian Moffett
And Jethro Mullen

PARIS—French bank **Société Générale** SA issued a profit warning for the fourth quarter, in a sign of the uncertain outlook for real-estate linked assets.

The bank said it would incur a €1.4 billion ($2 billion) hit from risky assets, leading to just a thin profit for the quarter, though it didn't specify an amount. Analysts had forecast a profit of around €1 billion. Société Générale also said it would have some other gains.

"We decided to be more on the safe side and to enter 2010 with the maximum cushion," Chief Executive Frédéric Oudéa told The Wall Street Journal in an interview. He said the decision had been made after hearing that Moody's might change its ratings on some asset classes.

"We cannot exclude additional provisions, but they will clearly be of a lower magnitude and should be very manageable. The idea is of course to get rid of these assets as quickly as possible," he said.

The announcement stokes concern that other big European banks might face similar write-downs. In addition, a modest expected performance by Société Générale's investment-banking division could signal a fall in fourth-quarter revenue, after a cooling of the credit-trading boom of previous quarters.

The warning comes as Mr. Oudéa tries to rebuild Société Générale's reputation after two years, during which time it suffered first a trading scandal and then the financial crisis.

In January 2008, Société Générale revealed that a junior trader, Jerôme Kerviel had lost €4.9 billion in fraudulent trades. He is due to go to trial this summer.

Mr. Oudéa's predecessor, Daniel Bouton, resigned last year after he awarded himself and other executives stock options in the middle of a recession. President Nicolas Sarkozy publicly criticized him, and the awards were rescinded.

Though Société Générale gained market share in most business areas last year, it lost out in retail banking, where potential new clients were put off by the troubles.

In the past year, the bank has been running television and newspaper ads called "Banker's Stories," mini-portraits of the people who work in the group and how they help clients.

Mr. Oudéa, who at 46 years old is young to be chief executive of a major French corporation, says he spends more than a third of his time talking to people, where his message is: Banking is about more than just money.

"We need to reinject a human dimension," he says. "I say: 'Work with pleasure.' I don't want our colleagues to go home and say to their partners, 'I spent an awful day and it was a nightmare, and tomorrow will be another nightmare.' "

In the past, Société Générale has been seen as a target for takeover by rival **BNP Paribas**, the largest French bank.

Mr. Oudéa said he hopes that in future, after the banking industry is past its current uncertainty over regulations and markets, his bank will be a "consolidator," rather than one of the consolidated.

"The question is, how can you position yourself for a future opportunity," he said.

Li's firm buys into Rusal IPO

By Joyce Li

HONG KONG—**Cheung Kong (Holdings)** Ltd., the property flagship of Hong Kong businessman Li Ka-shing, said it agreed to subscribe to $100 million of shares in **UC Rusal** Ltd.'s initial public offering in Hong Kong.

Rusal has said it expects the shares to start trading on the Hong Kong stock exchange on Jan. 27.

Rusal, the world's largest producer of aluminum in terms of output, plans to raise as much as US$2.59 billion through a share sale in Hong Kong that is being marketed to professional and qualified investors.

Hong Kong regulators approved the IPO on the provision that small investors were restricted from participating because of concerns over the company's US$14.9 billion in debt.

Russian companies eye equity offers

By Willliam Mauldin
And Alexander Kolyandr

MOSCOW—Debt-ridden Russian companies may raise as much as $20 billion in 2010 after a drought of nearly two years in the country's international equity sales, investment banks said. But any success in initial public offerings will depend on stable or rising commodity prices as well as robust global risk appetite, they said.

Led by aluminum company **UC Rusal**, which is seeking to raise as much as $2.59 billion this month in an offering in Hong Kong, Russian companies that binged on debt before commodity prices dropped in mid-2008 are selling shares to reduce debt ratios.

"Companies have learned the hard way about the risk of too much leverage through the financial crisis," Hasnen Varawalla, head of corporate finance at Renaissance Capital in Moscow, said in an interview. "They want to have their balance sheets a lot more conservatively balanced going forward."

Mr. Varawalla said he "would not be surprised" if Russian companies sold $20 billion of new stock in 2010, assuming the market's risk appetite remains high.

UralSib Capital said a revival of the old Russian IPO pipeline that was blocked in 2008 could bring $20 billion in new Russian equity to the market, compared with the $32.9 billion in IPOs and secondary stock sales in 2007.

Russian investors were richly rewarded when the RTS Index more than doubled last year, but 2010's IPO tally may depend more on what happens to shares of Rusal and other early offerings.

"The performance of the first few Russian IPOs will be very important in setting the tone," Mr. Varawalla said. "Often in previous IPOs, the issuers have sought to squeeze the last penny out of the investors; now, I think investors will look for a more balanced approach when it comes to pricing."

Besides Rusal, which is also planning a listing of global depositary receipts in Paris, other companies that may go public are media-holding firm **ProfMedia**, which may raise $500 million, and coal company **Suek**, which may look to raise $1 billion to $1.5 billion. Representatives for ProfMedia and Suek declined to comment.

No Russia-based companies held international IPOs last year, though rail operator Globaltrans, Bank St. Petersburg and vodka-producer Synergy had secondary offerings.

Another source of Russia-based equity may be the government's return to privatization. Facing a three-year budget deficit of $224 billion, officials said last year that they will embark on a new privatization program that will eventually cut state ownership of the Russian economy to 40% from 50%.

GOOGLE VS. CHINA

Levi's faced earlier China challenge

Jeans company walked out 17 years ago, but today has 501 stores

By James T. Areddy

SHANGHAI—**Google** Inc.'s challenge to Beijing is not a first: **Levi Strauss & Co.** 17 years ago walked away from China.

Today, Levi's brand jeans are produced in China, and in Beijing last November the company opened its 501st store in the country.

What happened in between?

In 1993, the iconic San Francisco maker of dungarees declared it would end relationships with contractors in China because of what it called that country's "pervasive violation of human rights."

At the time, multinational corporations were pouring into developing countries, looking for cheap labor. Not far behind were human-rights activists, confident that Western companies were a vehicle for social change: Campus demonstrations demanding big U.S. companies sever ties to South Africa had just helped dismantle that nation's apartheid policies.

Two decades ago, as now, China was attractive for its fast growth, cheap work force and huge population. But in China, activists had leverage: disgust at the 1989 Tiananmen Square massacre. Not many foreign companies were making money in China in those days and fewer still were ready to shout down activists armed with evidence of dangerous working conditions, prison labor and other Chinese workplace-rights abuses.

Family-controlled Levi's had branded itself a company with a conscience. Robert Haas, its chairman and chief executive then, ordered a review of human rights in 40 countries, which determined that only China and Myanmar had rights violations so troublesome that pulling out made the most sense.

"They were at the forefront of all the compliance issues," said an American executive in the textile sourcing business who at the time worked with **Li & Fung** Ltd., a Hong Kong trading firm.

Everyone in the industry was aware, he said, that the U.S. company's strategies helped make it "a big deal" in the rag trade to consider a factory's lighting, ventilation, toilets and cafeteria on par with prices and production quality.

Parallels between Levi's and Google are strong. Each is defending a brand steeped in American values. Also, Levi's was small in China, sourcing only $50 million of trousers and shirts, while Google is the runner up in Internet searches after **Baidu** Inc. Each of the U.S. companies was plugging China into pre-existing global networks—Levi's with its supply chain and Google via the World Wide Web. Their actions sparked political storms.

"If you look at the Levi Strauss and Google situations it's important to see there are similarities but there are differences," said Sharon Hom, a spokeswoman for the group Human Rights In China. "Not everyone needs a pair of jeans but everyone needs information."

Mr. Haas, who led Levi's pullback from China, defended the company's human-rights positions. In a speech quoted in the book "Levi's Children: Coming to Terms with Human Rights in the Global Marketplace," Mr. Hass said "decisions which emphasize cost to the exclusion of all other factors don't serve the company and its shareholders' long term interests."

China's foreign ministry's reaction to Levi's move, the book stated, was to argue human rights had nothing to do with it.

How much difference Levi's stand made to factory conditions in China is hard to quantify; the company itself was comfortable enough to return in 2008.

"Conditions in many multinational-affiliated factories have improved because the focus has been put on them," said Geoffrey Crothall, editor of China Labor Bulletin in Hong Kong. "But conditions in Chinese factories as a whole haven't."

Karl Schoenberger, author of "Levi's Children," argued in his book that Levi's took a bold stand in China, but came to regret its decision almost immediately and so never fully severed ties.

Newscom

A man climbs a denim wall in a 2006 Levi's promotion in Zhengzhou, China.

中国实时报
CHINAREALTIMEREPORT

Challenge to restrictions spurs users to test limits

Google Inc.'s announcement that it plans to stop censoring search results on its Chinese-language site, Google.cn, has spurred interest in normally forbidden topics on the search engine.

Google is still discussing how to remove its content filters, and any changes would likely take several weeks before becoming effective. But that hasn't stopped Internet users from testing the boundaries of Google's Chinese censorship.

Among the top-trending topics on Google.cn on Wednesday were, as might be expected, many variants of "Google leaving China" and related phrases. But in a sign of potential enthusiasm for a more open Internet in China, the top 50 hot searches on Google on Wednesday also included terms relating to the 1989 Tiananmen Square crackdown, which normally turn up heavily filtered results. Popular searches included "Beijing 1989," "64 tank," and "tankman"—the latter two references to the famous photo of a man standing in front of a line of Chinese tanks. Other atypical trending keywords on Google.cn include "human rights," "freedom," "Tibet," and "sensitive words."

—Sky Canaves

Associated Press

The sought-after image: A man stands in front of tanks in Tiananmen Square

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GOOGLE VS. CHINA

Difficult search

Since its entry into the Chinese-language world in 2000, U.S. search giant Google has struggled to balance its growth ambitious in the vast but restrictive new market while adhering to a self-held principle: "Don't be evil."

Photos: Bloomberg News (2), Agence France-Presse (2) Getty Images (Brin), Associated Press (YouTube)

2000

August/September: Google introduces searches in traditional and simplified Chinese and signs search agreement with China's Netease.

2002

September: China temporarily blocks access to Google ahead of a major Communist party congress and directs traffic to local search companies. It marks the first of a number of temporary outages over the next eight years.

2004

September: Tests show Google's news service in China doesn't display results from Web sites blocked by the government. Google cites its reluctance to lead users to sites they can't view.

Google hires former Microsoft executive Kai-Fu Lee

2005

May: Google gets license to open a small office in China, a modest step but one that significantly adds to expansion opportunities there. The move follows intense internal debate over how to tap China's lucrative market despite tough government oversight.

Launch of Google.cn

July: Google hires former Microsoft executive Kai-Fu Lee to lead the recently formed Google China. The move sparks a legal battle between the two U.S. companies over Mr. Lee's previous employment contract that is settled later that year.

2006

Google co-founder Sergey Brin

January: Google launched Google.cn, its China search service, and agrees to censor its own results to comply with Beijing's restrictions.

April: Google launches its new brand name in China, using characters "gu ge," pronounced "goo-guh" and meaning "valley" and "song."

Google's China threat upends norms

Western companies appear more willing to review their long-held strategy of accommodating China in order to expand

By Ian Johnson And Jason Dean

BEIJING—**Google** Inc.'s threat to withdraw from China over censorship and cyberspying is a sign of a growing willingness among foreign companies and governments to overturn the conventional wisdom that has defined decades of engagement by the West: that China is so big that it must be accommodated.

While the U.S. Internet giant's move isn't likely to be emulated by other big foreign companies, its unexpected defiance is certain to fuel debate over business relations with China. For years, Western companies have accepted that business is done a certain way in China—agreeing to government interference that wouldn't be tolerated elsewhere, from stifling free speech to setting up Communist Party cells. And over the past generation, outside political leaders have drawn a similar conclusion, choosing to play down human rights in the hopes of effecting change.

This has been driven by China's rapidly increasing importance. Already the largest market for everything from cellphones to a range of commodities, China surpassed the U.S. last year as the biggest market for cars. It supplanted Germany as the world's top exporter, and is on pace to pass Japan this year as the second-biggest economy after the U.S.

But as Google's move shows, China's rise is being accompanied by growing tension with the outside world over policies and practices that defy international norms and that many in the West are finding more unpalatable. On the economic front, Beijing has frustrated many trading partners by keeping its currency low and subsidizing exports, policies that undercut other countries by making China's goods artificially cheap.

Politically, countries have been alienated by a string of human-rights issues, from an Australian mining executive arrested and held incommunicado for seven months to a British man widely regarded in the West as mentally ill being executed for drug trafficking. Even climate change is being laid at China's door, with foreign diplomats taking the rare step of saying China watered down the recent Copenhagen accord.

"Everybody feels that it's not related to my business," says Jörg Wuttke, head of the European Chamber of Commerce in China. "But when one after the other happens, you wonder what the heck is going on here."

Reuters

A woman looks at flowers left by Chinese Google users to Google China headquarters in Beijing.

One reason for the reassessment is that Google claims that China-based hackers breached its security—and that of many other foreign companies in a variety of sectors, including finance, technology, media and chemicals. Google said it was contacting the companies involved but so far no names have surfaced.

"It's a worry because companies already feel they are vulnerable in China to having their proprietary technology stolen," said an executive at a finance company.

The allegations have already caused a high-level political reaction, with U.S. Secretary of State Hillary Clinton calling on China "for an explanation" of Google's allegations. "The ability to operate with confidence in cyberspace is critical in a modern society and economy," Mrs. Clinton said.

The Google syndrome caps growing complaints by foreign businesses over a deteriorating business environment. Both the European Chamber and the U.S. Chamber of Commerce in China have issued reports sharply critical of China's business environment. During the 1980s and '90s, foreign businesses were assiduously courted by China's leaders and responded by bringing to China technology, training and international best practices.

In recent years, however, foreign businesses have complained that the official line has shifted. Younger bureaucrats are more nationalistic and skeptical of the value of letting in foreign companies, Mr. Wuttke says. Last year, for example, foreign executives said bidding practices for wind energy were rigged to exclude foreign companies.

"There's a general attitude in the foreign business community that it's getting tougher to do business here," said James McGregor, a senior counselor at **APCO Worldwide** and author of a book on doing business in China. "This could be a bellwether."

Even in the business world, where open conflicts with the government are extremely rare because companies fear angering regulators, last year saw two major confrontations between authorities and foreign businesses over government initiatives. When the Chinese government in June tried to force personal computer makers to include Web-filtering software known as "Green Dam" with all new PCs in China, foreign business groups representing scores of major technology companies publicly criticized the move and called on China's leadership to reconsider. Authorities announced an indefinite delay to the plan on the eve of its July 1 start date.

Then, late in the year, a similar group of companies and business groups banded together to decry—again publicly—government rules that state agencies buy technology products containing domestic intellectual property. The companies said the measure was discriminatory and protectionist. That issue remains unresolved.

Companies say these problems are endemic to doing business in China. "In order to cultivate local companies, the government has been loose on local companies' illegal practices, such as not issuing tax invoices," said Vito Lin, vice president of China operations for D-link Corp., a wireless and broadband devices developer from Taiwan.

Some analysts caution, however, that Google's troubles with China might also be connected to business concerns. Google enjoys a 35% market share in China, a figure that is growing, but its profitability is open to question, says Tom Doctoroff, managing director of J. Walter Thompson. Chinese Internet users engage in relatively little e-commerce, which stymies the ability of companies like Google to make money. "We should not ignore the operational difficulties that Google has had in penetrating this market," Mr. Doctoroff said.

Other skeptics of Google's explanation noted that the company accepted censorship in 2006 as a precondition for entering the China market. It also deferred to government anger over its plan to digitalize books and apologized to a Chinese author for scanning parts of her book—a step it hasn't taken in other countries, where it routinely scans books without paying copyright fees.

Google would have an easier time quitting China than other companies. Although its business there has been growing, it is estimated to be only a few percentage points of its total revenues. That is a sharp contrast to companies like **General Motors** Corp., for which China is a crucial market.

Even before Google's entry into China in 2005, the company was agonizing over its strategy. Google cofounder Sergey Brin, whose family left the Soviet Union when he was a child, expressed caution over China. "We felt that perhaps we could compromise our principles but provide ultimately more information for the Chinese and be a more-effective service and perhaps make more of a difference," Mr. Brin told reporters in June 2006. But, he added at the time, "It's perfectly reasonable to do something different, to say, 'Look, we're going to stand by the principle against censorship and we won't actually operate there.' "

A senior **Microsoft** Corp. executive said that "Google would do disservice to Chinese people" by leaving China because Google censors its Chinese search results less aggressively than Chinese local competitor Baidu and other Chinese portal companies. A pullout by Google would strip Chinese Internet users of a good alternative, the executive said.

Inside China, some Internet activists were elated by the news. "I think this is a big challenge to the Chinese government now," said Isaac Mao, a blogging pioneer in China. He said removing itself from the Chinese market would enable Google to use its superior technology to create tools for users to circumvent Internet censorship. Google has "enough computing power to do that," he said.

Mr. Mao says that any government action against Google for discontinuing its content filtering will, like the Green Dam incident, "cause more people to be aware of the censorship problem." "I have seen lots of responses from Internet users today, in blogs and forums," he said. "It's definitely a good move from Google. I applaud that.

—Ting-I Tsai in Taipei and Loretta Chao in Beijing contributed to this article.

GOOGLE VS. CHINA

June: Co-founder Sergey Brin acknowledges the company "compromised our principles" by accommodating censorship demands, but added the company hoped to "be a more effective service and perhaps make more of a difference." Later that month, Google sells its stake in China search giant Baidu.com, kicking off full competition between the two.

2007

January: Google reaches a cellphone search deal with No. 1 mobile provider China Mobile, and buys a stake in video and game download service Xunlei Network Technology Co.

May: On advice of the company's board, Google shareholders reject a proposal from the Office of the Comptroller of New York City that would bar the company from undertaking "proactive" censorship efforts. The board said the proposal would hurt its business in China.

June: Google gets regulatory approval to provide content in China.

October: YouTube is temporarily blocked in the same month that it launched a service in Taiwan, the Dalai Lama wins a medal from the U.S. Congress and the Communist party holds a key meeting.

2008

March: Chinese authorities temporarily shut down YouTube after the video site is flooded with images of China's crackdown in Tibet that year.

August: China declines to allow YouTube to show Olympic broadcasts, instead steering viewers to the Web site of state-controlled CCTV.

Pro-Tibetan demonstrators in Athens

Blocking of Google's YouTube service

Google considers leaving China

2009

March: Google's YouTube service is blocked by Chinese authorities, who decline to disclose specific reasons. The block appears to remain in place today. That same month, Google launches a free online music service in China.

June: Chinese officials launch what they call an anti-pornography campaign and order Google to stop showing some results from foreign Web sites on its Chinese page.

September: Google's Mr. Lee resigns to start technology-incubation effort.

2010

January: Following a cyber attack on the Gmail accounts of Chinese human-rights activists, Google said it is considering leaving China.

Google threat to exit China jolts country's Internet sector

Continued from first page

vices for school, but says he doesn't support Google's decision. "No matter what company comes to China, it has to abide by the laws and regulations of the Chinese government," he said. The laws "protect the country's rights."

Chinese authorities don't control Google's English-language Web site, which was still accessible as of Wednesday evening, but could add it to Web sites it blocks, including Google's YouTube and Blogspot sites.

China's state media offered limited coverage of the issue.

Ms. Li, the university student that left a flower at Google's office, said she will find ways to continue using Google anyway by using special software or proxies to circumvent the blocks.

The Google statement was widely followed on China's Internet, and was initially treated as a major story by local Web sites until news portals were ordered to play down coverage of it. China's official state media offered limited coverage of the issue, with some reporters saying the topics of censorship and cyber espionage were too sensitive.

Internet users continued to comment on the news, however. Some worried their Google email accounts would be deleted, and others expressed concern that Chinese authorities would further tighten its Internet controls.

Meanwhile, in a sign of potential enthusiasm for a more open Internet in China, heavily filtered phrases related to the government crackdown on protests at Tiananmen Square in 1989, as well as for "human rights" and "freedom", soared into the top 50 searches on Google.cn Wednesday, along with phrases related to Google's possible exit.

Research firm China IntelliConsulting Corp. estimates that 80 million people in China use Google at least once a week, and that half are frequent users of the Web site.

Despite significant difficulties along the way, Google has had a major impact throughout China's information-technology sector since it entered the market in 2005.

If its Chinese Web site is shuttered, it could throw any future investments and partnerships throughout the Chinese Internet and telecommunications sectors into question - while also potentially creating opportunities for Chinese rivals.

Google last March launched a music service in cooperation with Top100.cn, a Chinese company in which it owns a stake, and with the world's four biggest music labels, **Warner Music Group** Corp., **Vivendi** SA's Universal Music, **EMI Group** Ltd., and **Sony** Corp.'s Sony Music Entertainment. That free, advertising-supported service, which lets users download or stream music in China, has been closely watched as a possible solution to music piracy.

Sina Corp., which is one of China's largest Internet portals, partners with Google to offer the American company's search bar on its home page.

China Mobile Ltd., the world's largest mobile carrier by users, uses Google's Chinese mobile search service on its handset browsers. The state-owned company sells several smartp hones that run Google's Android operating system, and is planning many more with various handset makers, as part of its response to a rival carrier's launch of **Apple** Inc.'s iPhone in China.

Officials at Google's partner companies did not immediately respond to requests for comment, and it's not clear that its other initiatives and investments would be damaged if Google shuts its Chinese search business.

Technically, most of Google's partnerships and other investments could continue, but by snubbing Chinese authorities so publicly, the company risks government retaliation against itself or its partners.

Google's own share of the China search market has risen markedly in recent years, to 35.6% in the fourth quarter of 2009 from less than half that just three years earlier, according to Beijing-based research firm Analysys International.

That still made it a distant second to Chinese competitor Baidu, which boasted 58.4% market share in the latest period. But it makes Google arguably the most successful foreign Internet company in China, which as of June had 338 million Internet users, more than any other country.

Chinese government officials have yet to respond to Google's declaration, but a report by China's state-run Xinhua news agency quoted an official at China's State Council Information Office saying authorities were seeking more information on the Google statement.

As of Wednesday, Google's Chinese Web site was still filtering search results, with a message at the bottom of its Web pages notifying users of the practice.

At the same time that the move is sure to anger authorities, news of the security breach at Google and other companies alarmed other foreign companies with China operations.

Google's statement against censorship in China also set a new standard for many multinational companies that have acquiesced to the demands of the Chinese government for years, for the larger goal of reaching China's massive market.

Lu Bowang, managing partner with China IntelliConsulting, said Google has played a larger role in the Chinese Internet industry by motivating domestic companies to innovate in order to keep up. "Such motivation... would be gone," he said.

Google's Chinese rivals, such as **Netease.com** Inc., **Sohu.com** Inc., and **Tencent Holdings** Ltd. which all have their own search engines with negligible market share, could benefit from Google's departure, though Baidu might also risk a backlash if Chinese users angry over Google's treatment see it as aligned with government censors.

—Sky Canaves and James T. Areddy contributed to this article.

Mainland mates | Google sought local ties in its Chinese expansion

Sina.com
Provided mobile-search technology for the Internet portal's mobile platform under a 2007 agreement.

China Mobile
China's top mobile carrier by subscribers, China Mobile uses Google technology for mobile and Internet search services, and last year renewed their 2007 agreement.

Ctrip.com
Provides search services for the Chinese travel Web site.

Top100.cn
Google.cn teamed up with the music-related site in 2008 to launch a music-search service on Google.cn.

Tencent Holdings
The parent of China's ubiquitious QQ chat software no longer uses Google's technology on its Soso.com search site, but says they cooperate in other areas. Tencent now runs its own internally developed search engine.

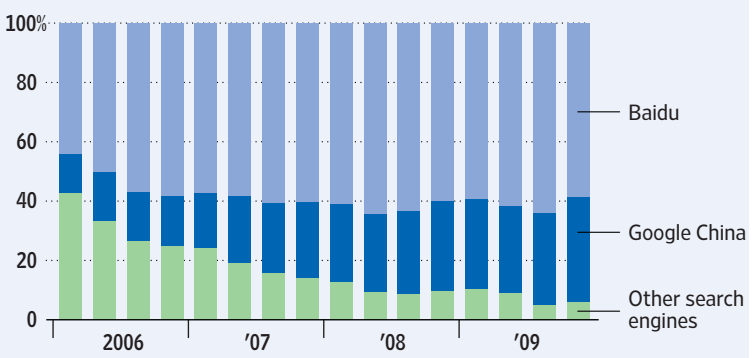
Tianya.cn
Google invested in the Chinese social-networking site in 2007, without disclosing financial terms.

3g.cn
The mobile-applications Web site worked with Google to launch its YY search engine in late 2007.

Source: WSJ reporting

Google gains

Search-engine market share, by revenue, in China.



Source: Analysys International

Associated Press

Google supporters left flowers for the company at its offices in Beijing.

MARKETS

Pound advances after BOE official's remarks

By Don Curren

TORONTO—The British pound led the charge against the retreating U.S. dollar Wednesday as investors shifted back toward more risk-sensitive currencies.

The pound reached a session peak of $1.6294, its highest since Dec. 17, after Bank of England Monetary Policy Committee member Andrew Sentance said in an interview with the Guardian newspaper that the U.K. central bank is coming to the point at which it will have to pause bond purchases and assess their impact on the economy.

CURRENCY MARKETS

The pound spurred a move higher by the euro, enabling it to break above key resistance and set a new high for 2010, currency strategists at Brown Brothers Harriman in New York said. The euro reached $1.4580, its highest since Dec. 16, but later slipped back below $1.45.

In late morning trade in New York, the euro was at $1.4474 from $1.4489 late Tuesday and at 132.27 yen from 131.80. The dollar was at 91.45 yen from 90.97 yen. The pound was at $1.6271 from $1.6166.

The ICE Dollar Index, which tracks the greenback against a trade-weighted basket of currencies, was at 76.859 from 77.011.

The U.S. currency was at 1.0212 Swiss francs from 1.0183 francs amid chatter about the possibility of official intervention to keep the franc down against the euro.

Sterling was bolstered by data that showed U.K. industrial production rose by 0.4% in November, compared with an expected 0.2% rise.

Treasurys head lower

By Deborah Lynn Blumberg

NEW YORK—Treasury prices slipped Wednesday as market participants geared up for the government's sale of $21 billion in Treasury notes.

U.S. CREDIT MARKETS

In late-morning trade, the 10-year Treasury note was off by 1/32 at 97 4/32 to yield 3.7264%, and the 30-year rose by 15/32 to 95 25/32 for a 4.6371% yield. The two-year Treasury note was flat, yielding 0.9194%.

The highlight of the day will be the Treasury's auction of previously sold 10-year notes, its third of four note and bond offerings this week. The Treasury sold $10 billion in 10-year Treasury inflation-protected securities Monday and $40 billion in three-year notes Tuesday. Both of those auctions went well. The government will also sell $13 billion in 30-year notes Thursday.

Export worries send yields in Japan lower

By Tomoyuki Tachikawa And Ditas Lopez

Japanese government-bond yields fell Wednesday amid concerns about the potential damage that China's move to tighten credit could do to Japanese exports.

Analysts say bonds may continue to gain favor, sending yields lower, given the gloomier outlook for the nation's export-reliant economy.

Hirokata Kusaba, senior economist at Mizuho Research Institute, said the Chinese central bank's decision to raise its yuan-reserve requirement for banks could end up denting sales of Japanese goods overseas.

BOND MARKETS

Traders and investors also are focused on Thursday's 300 billion yen ($3.29 billion) auction of 40-year bonds. "If the tender results turn out firm, more investors may start buying longer-term debt, as prices for short- to mid-term bonds have been quite high recently," a trader at a Tokyo securities house said.

Among Asian borrowers, Indonesia priced its $2 billion, 10-year bond to yield 6% late Tuesday in New York, the lowest yield ever for the Southeast Asian nation. But it dropped plans for a 30-year tranche as it scaled back initial plans to raise as much as $4 billion.

Several Indonesian companies are lining up to follow with their own international bonds. Power company PT **Cikarang Listrindo** is looking to sell a benchmark-sized U.S. dollar global bond with a maturity of five years. It will meet investors in Singapore, Hong Kong, London and the U.S. beginning Thursday. Palm oil producer **Ciliandra Perkasa** and petrochemicals firm **Chandra Asri**, which last year were looking to sell bonds offshore, are likely to revive those plans, bankers say.

Indonesia priced its bond without having to pay a premium over its existing debt. Its March 2019 bond was trading at a yield of about 5.84% when the new bonds priced, indicating there was no new-issue premium after taking into account the extra year to maturity, said a banker involved in the deal.

FUND SCORECARD

U.S. Small-Cap Equity

Funds that invest primarily in the equities of small-cap U.S. companies. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending January 13, 2010

Leading 10 Performers

FUND RATING*	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US** YTD	1-YR	2-YR	5-YR
2	**Manulife GF US Small Cap Eq AA**	Manulife Global Fund	USD	Luxembrg	**2.75**	70.73	-9.49	NS
4	**Artemis Alpha Trust PLC**	Artemis Investment Management Ltd	GBP	United Kingdom	**2.38**	69.56	-1.87	8.40
2	**Janus US Venture A EUR**	Janus Capital Funds Plc	EUR	Ireland	**1.65**	66.70	-13.69	2.96
3	**Vanguard US Discoveries Inv Acc**	Vanguard Investment Europe Sa	USD	Ireland	**3.07**	54.38	-3.07	1.85
4	**SEB Choice Nordamerikafond Småbolag**	SEB Investment Management AB	SEK	Sweden	**2.12**	52.09	-2.14	6.25
4	**Alger US SmallCap A**	Alger SICAV	USD	Luxembrg	**2.22**	50.97	-7.80	3.40
NS	**JPMorgan US Discovery IT ORD**	JPMorgan Asset Management (UK) Limited	GBP	United Kingdom	**0.20**	50.96	-11.35	-3.50
4	**Premier RENN US Emerging Growth**	Premier Portfolio Managers Limited	USD	Guernsey	**6.73**	50.80	-11.54	NS
3	**SEI GMF US Sm Companies Instl GBP**	SEI Global Master Fund Plc.	GBP	Ireland	**2.08**	50.63	-3.52	2.08
4	**Legg Mason US Smaller Companies A**	Legg Mason Funds ICVC	GBP	United Kingdom	**3.00**	50.06	-0.57	5.88

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

Source: Morningstar, Ltd
1 Oliver's Yard, 55-71 City Road
London EC1Y 1HQ United Kingdom
www.morningstar.co.uk; **Email**: mediaservice@morningstar.com
Phone: +44 (0)203 107 0038; **Fax**: +44 (0)203 107 0001

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW Top-Div.Int.	GL	EQ	LUX	01/11	EUR	55.07	0.8	16.9	-26.1

AllianceBernstein

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Am Eq Blend A	OT	OT	LUX	01/12	USD	10.56	1.8	33.5	-12.2
Am Eq Blend B	US	EQ	LUX	01/12	USD	9.92	1.7	32.3	-13.1
Am Growth A	US	EQ	LUX	01/12	USD	31.50	0.8	40.8	-3.5
Am Growth AX	US	EQ	LUX	01/12	USD	34.00	0.8	41.6	-2.9
Am Growth B	US	EQ	LUX	01/12	USD	26.47	0.8	39.4	-4.5
Am Growth C	US	EQ	LUX	01/12	USD	28.50	0.8	40.2	-3.9
Am Growth I	US	EQ	LUX	01/12	USD	34.92	0.9	42.0	-2.7
Am Income A	US	BD	LUX	01/12	USD	8.54	1.3	24.2	6.0
Am Income A2	US	BD	LUX	01/12	USD	19.31	1.4	24.1	6.0
Am Income A2	OT	OT	NA	01/12	HKD	149.75	1.2	NS	NS
Am Income AT	OT	OT	NA	01/12	HKD	66.15	1.2	NS	NS
Am Income AT	US	BD	LUX	01/12	USD	8.53	1.4	24.1	5.9
Am Income B	US	BD	LUX	01/12	USD	8.54	1.3	23.2	5.2
Am Income B2	US	BD	LUX	01/12	USD	16.64	1.4	23.3	5.2
Am Income B2	OT	OT	NA	01/12	HKD	129.05	1.2	NS	NS
Am Income BT	OT	OT	NA	01/12	HKD	66.54	1.2	NS	NS
Am Income BT	US	BD	LUX	01/12	USD	8.58	1.4	23.3	5.2
Am Income C	US	BD	LUX	01/12	USD	8.54	1.3	23.6	5.5
Am Income C2	US	BD	LUX	01/12	USD	24.75	1.4	23.6	5.5
Am Income I	US	BD	LUX	01/12	USD	8.54	1.3	25.0	6.7
Am Value A	US	EQ	LUX	01/12	USD	8.66	1.5	22.7	-12.1
Am Value B	US	EQ	LUX	01/12	USD	7.97	1.5	21.5	-13.0
Am Value C	US	EQ	LUX	01/12	USD	8.66	1.5	22.1	-12.5
Am Value I	US	EQ	LUX	01/12	USD	9.33	1.6	23.7	-11.4
Emg Mkts Debt A	GL	BD	LUX	01/12	USD	15.79	1.5	44.7	8.4
Emg Mkts Debt A2	GL	BD	LUX	01/12	USD	20.45	1.7	44.8	8.4
Emg Mkts Debt AT	GL	BD	LUX	01/12	USD	15.87	1.7	44.9	8.5
Emg Mkts Debt B	GL	BD	LUX	01/12	USD	15.79	1.5	43.3	7.3
Emg Mkts Debt B2	GL	BD	LUX	01/12	USD	19.69	1.7	43.4	7.4
Emg Mkts Debt BT	GL	BD	LUX	01/12	USD	15.84	1.7	43.4	7.3
Emg Mkts Debt C	GL	BD	LUX	01/12	USD	15.79	1.5	44.0	7.9
Emg Mkts Debt C2	GL	BD	LUX	01/12	USD	20.09	1.7	44.1	7.9
Emg Mkts Debt I	GL	BD	LUX	01/12	USD	15.79	1.5	45.4	8.9
Emg Mkts Growth A	GL	EQ	LUX	01/12	USD	35.37	2.1	83.4	-11.3
Emg Mkts Growth B	GL	EQ	LUX	01/12	USD	29.97	2.0	81.5	-12.2
Emg Mkts Growth C	GL	EQ	LUX	01/12	USD	30.65	2.0	82.4	-11.7
Emg Mkts Growth I	GL	EQ	LUX	01/12	USD	39.22	2.1	84.8	-10.6
Eur Growth A	OT	OT	LUX	01/12	USD	10.33	1.4	26.0	-14.4
Eur Growth A	OT	OT	LUX	01/12	EUR	7.13	1.4	26.0	-14.4
Eur Growth B	OT	OT	LUX	01/12	EUR	6.41	1.4	24.7	-15.2
Eur Growth B	OT	OT	LUX	01/12	USD	9.28	1.4	24.7	-15.2
Eur Growth C	EU	EQ	LUX	01/12	EUR	5.40	1.3	25.3	-14.8
Eur Growth I	OT	OT	LUX	01/12	USD	11.25	1.3	27.0	-13.8
Eur Growth I	OT	OT	LUX	01/12	EUR	7.77	1.3	27.0	-13.8
Eur Income A	OT	OT	LUX	01/12	EUR	6.75	2.3	38.5	5.3
Eur Income A	OT	OT	LUX	01/12	USD	9.78	2.3	38.5	5.3
Eur Income A2	OT	OT	LUX	01/12	EUR	13.20	2.6	38.8	5.3
Eur Income A2	OT	OT	LUX	01/12	USD	19.12	2.6	38.8	5.3
Eur Income AT	EU	BD	LUX	01/12	EUR	6.75	2.6	38.8	5.3
Eur Income B	OT	OT	LUX	01/12	EUR	6.75	2.3	37.6	4.6
Eur Income B	OT	OT	LUX	01/12	USD	9.78	2.3	37.6	4.6
Eur Income B2	OT	OT	LUX	01/12	EUR	12.27	2.5	37.7	4.5
Eur Income B2	OT	OT	LUX	01/12	USD	17.77	2.5	37.7	4.5
Eur Income BT	EU	BD	LUX	01/12	EUR	6.75	2.4	37.7	4.6
Eur Income C	OT	OT	LUX	01/12	EUR	6.75	2.3	37.9	4.8
Eur Income C	OT	OT	LUX	01/12	USD	9.78	2.3	37.9	4.8
Eur Income C2	OT	OT	LUX	01/12	EUR	13.15	2.5	38.1	4.8
Eur Income C2	OT	OT	LUX	01/12	USD	19.05	2.5	38.1	4.8
Eur Income I	OT	OT	LUX	01/12	EUR	6.75	2.3	39.1	5.9
Eur Income I	OT	OT	LUX	01/12	USD	9.78	2.3	39.1	5.9
Eur Strat Value A	OT	OT	LUX	01/12	EUR	8.62	1.1	21.4	-18.3
Eur Strat Value A	OT	OT	LUX	01/12	USD	12.49	1.1	21.4	-18.3
Eur Strat Value I	OT	OT	LUX	01/12	EUR	8.83	1.0	22.5	-17.6
Eur Strat Value I	OT	OT	LUX	01/12	USD	12.79	1.0	22.5	-17.6
Eur Value A	OT	OT	LUX	01/12	EUR	9.26	0.7	25.0	-15.3
Eur Value A	OT	OT	LUX	01/12	USD	13.41	0.7	25.0	-15.3
Eur Value B	OT	OT	LUX	01/12	USD	12.34	0.7	23.7	-16.1
Eur Value B	OT	OT	LUX	01/12	EUR	8.52	0.7	23.7	-16.1
Eur Value C	OT	OT	LUX	01/12	USD	12.98	0.8	24.4	-15.6
Eur Value C	OT	OT	LUX	01/12	EUR	8.96	0.8	24.4	-15.6
Eur Value I	OT	OT	LUX	01/12	USD	15.50	0.8	26.0	-14.6
Eur Value I	OT	OT	LUX	01/12	EUR	10.70	0.8	26.0	-14.6
GI Balanced (Euro) A	OT	OT	LUX	01/12	USD	16.83	1.3	22.7	-9.5
GI Balanced (Euro) B	OT	OT	LUX	01/12	USD	16.38	1.3	21.5	-10.4
GI Balanced (Euro) C	OT	OT	LUX	01/12	USD	16.70	1.3	22.4	-9.8
GI Balanced (Euro) I	OT	OT	LUX	01/12	USD	17.14	1.3	NS	NS
GI Balanced A	US	BA	LUX	01/12	USD	16.75	1.6	27.6	-9.0
GI Balanced B	US	BA	LUX	01/12	USD	15.92	1.6	26.3	-9.9
GI Balanced C	OT	OT	LUX	01/12	USD	16.50	1.6	27.2	-9.3
GI Balanced C	OT	OT	LUX	01/12	EUR	11.39	1.6	27.2	-9.3
GI Balanced I	US	BA	LUX	01/12	USD	17.38	1.7	28.6	-8.3
GI Bond A	US	BD	LUX	01/12	USD	9.34	1.1	13.2	4.7
GI Bond A2	US	BD	LUX	01/12	USD	16.21	1.2	13.3	4.7
GI Bond A2	OT	OT	NA	01/12	HKD	125.71	1.2	13.3	4.7
GI Bond AT	OT	OT	LUX	01/12	HKD	72.43	1.3	13.3	4.7
GI Bond AT	US	BD	LUX	01/12	USD	9.34	1.3	13.3	4.7
GI Bond B	US	BD	LUX	01/12	USD	9.34	1.1	12.1	3.6
GI Bond B2	US	BD	LUX	01/12	USD	14.19	1.2	12.1	3.6
GI Bond B2	OT	OT	NA	01/12	HKD	110.05	1.2	12.1	3.6
GI Bond BT	OT	OT	LUX	01/12	HKD	72.67	1.2	12.1	3.6
GI Bond BT	US	BD	LUX	01/12	USD	9.37	1.2	12.1	3.6
GI Bond C	US	BD	LUX	01/12	USD	9.34	1.1	12.7	4.2
GI Bond C2	US	BD	LUX	01/12	USD	14.07	1.3	12.8	4.2
GI Bond I	US	BD	LUX	01/12	USD	9.34	1.1	13.8	5.2
GI Conservative A	US	BA	LUX	01/12	USD	15.06	1.3	17.9	-3.1
GI Conservative A2	US	BA	LUX	01/12	USD	17.14	1.2	17.8	-3.1
GI Conservative B	US	BA	LUX	01/12	USD	15.05	1.3	16.3	-4.2
GI Conservative B2	US	BA	LUX	01/12	USD	16.28	1.2	16.6	-4.1
GI Conservative C	US	BA	LUX	01/12	USD	15.05	1.3	16.8	-3.8
GI Conservative C2	US	BA	LUX	01/12	USD	16.77	1.3	17.4	-3.5
GI Conservative I	US	BA	LUX	01/12	USD	15.13	1.3	17.9	-2.7
GI Eq Blend A	GL	EQ	LUX	01/12	USD	11.89	2.0	36.7	-18.6
GI Eq Blend B	GL	EQ	LUX	01/12	USD	11.15	1.8	35.2	-19.4
GI Eq Blend C	GL	EQ	LUX	01/12	USD	11.67	1.8	35.9	-19.0
GI Eq Blend I	GL	EQ	LUX	01/12	USD	12.54	2.0	37.7	-18.0
GI Growth A	GL	EQ	LUX	01/12	USD	42.65	1.8	35.7	-19.7
GI Growth B	GL	EQ	LUX	01/12	USD	35.59	1.7	34.3	-20.5
GI Growth C	GL	EQ	LUX	01/12	USD	40.92	1.8	35.0	-20.0
GI Growth I	GL	EQ	LUX	01/12	USD	47.37	1.8	36.7	-19.0
GI High Yield A	US	BD	LUX	01/12	USD	4.44	2.5	57.8	6.1
GI High Yield A2	US	BD	LUX	01/12	USD	9.53	2.9	58.0	6.1
GI High Yield A2	OT	OT	NA	01/12	HKD	73.91	2.9	58.0	6.1
GI High Yield AT	OT	OT	NA	01/12	HKD	34.20	3.0	58.2	6.1
GI High Yield AT	US	BD	LUX	01/12	USD	4.41	3.0	58.2	6.1
GI High Yield B	US	BD	LUX	01/12	USD	4.44	2.5	55.8	4.8
GI High Yield B2	US	BD	LUX	01/12	USD	15.31	2.9	56.5	5.0
GI High Yield B2	OT	OT	NA	01/12	HKD	118.73	2.9	56.5	5.0
GI High Yield BT	OT	OT	NA	01/12	HKD	34.74	2.8	56.6	5.0
GI High Yield BT	US	BD	LUX	01/12	USD	4.48	2.8	56.6	5.0
GI High Yield C	US	BD	LUX	01/12	USD	4.44	2.5	56.9	5.5
GI High Yield C2	US	BD	LUX	01/12	USD	14.12	2.9	57.4	5.6
GI High Yield I	US	BD	LUX	01/12	USD	4.44	2.5	58.9	6.8
GI Thematic Res. A	OT	OT	LUX	01/12	USD	15.15	2.9	79.9	1.6
GI Thematic Res. B	OT	OT	LUX	01/12	USD	13.25	2.8	78.1	0.5
GI Thematic Res. I	OT	OT	LUX	01/12	USD	16.89	2.8	81.4	2.3
GI Value A	GL	EQ	LUX	01/12	USD	11.37	2.1	37.7	-17.6
GI Value B	GL	EQ	LUX	01/12	USD	10.45	2.1	36.4	-18.4
GI Value C	GL	EQ	LUX	01/12	USD	11.05	2.0	37.1	-18.0
GI Value I	GL	EQ	LUX	01/12	USD	12.10	2.1	38.8	-16.9
Greater China A	AS	EQ	LUX	01/12	USD	40.90	2.2	70.3	-13.9
Greater China B	AS	EQ	LUX	01/12	USD	36.18	2.1	68.7	-14.8
Greater China C	AS	EQ	LUX	01/12	USD	40.38	2.2	69.6	-14.3
India Growth A	OT	OT	LUX	01/12	USD	130.04	2.5	NS	NS
India Growth AX	OT	OT	LUX	01/12	USD	113.68	2.5	95.7	-9.8
India Growth B	OT	OT	LUX	01/12	USD	136.19	2.4	NS	NS
India Growth BX	OT	OT	LUX	01/12	USD	97.14	2.4	93.7	-10.6
India Growth I	EA	EQ	LUX	01/12	USD	117.83	2.5	96.5	-9.4
Int'l Health Care A	OT	EQ	LUX	01/12	USD	139.40	1.4	22.1	-9.3
Int'l Health Care B	OT	EQ	LUX	01/12	USD	117.55	1.4	20.9	-10.2
Int'l Health Care C	OT	EQ	LUX	01/12	USD	133.58	1.4	21.6	-9.7
Int'l Health Care I	OT	EQ	LUX	01/12	USD	152.35	1.4	23.1	-8.6
Int'l Technology A	OT	EQ	LUX	01/12	USD	109.96	-0.4	51.8	-7.1
Int'l Technology B	OT	EQ	LUX	01/12	USD	95.25	-0.4	50.3	-8.0
Int'l Technology C	OT	EQ	LUX	01/12	USD	106.25	-0.4	51.1	-7.5
Int'l Technology I	OT	EQ	LUX	01/12	USD	123.32	-0.3	53.0	-6.3
Japan Eq Blend A	JP	EQ	LUX	01/12	JPY	6340.00	5.2	24.2	-18.1
Japan Eq Blend B	JP	EQ	LUX	01/12	JPY	6116.00	5.2	23.0	-18.9
Japan Eq Blend C	JP	EQ	LUX	01/12	JPY	6238.00	5.2	23.7	-18.4
Japan Growth A	JP	EQ	LUX	01/12	JPY	6105.00	3.9	17.0	-19.2
Japan Growth B	JP	EQ	LUX	01/12	JPY	5889.00	3.9	15.8	-20.0
Japan Growth C	JP	EQ	LUX	01/12	JPY	6007.00	3.9	16.5	-19.5
Japan Strat Value A	JP	EQ	LUX	01/12	JPY	6502.00	6.2	30.9	-17.6
Japan Strat Value B	JP	EQ	LUX	01/12	JPY	6278.00	6.2	29.6	-18.4
Japan Strat Value C	JP	EQ	LUX	01/12	JPY	6393.00	6.2	30.2	-17.9
Real Estate Sec. A	OT	EQ	LUX	01/12	USD	14.38	0.2	45.3	-11.7
Real Estate Sec. B	OT	EQ	LUX	01/12	USD	13.14	0.2	43.8	-12.6
Real Estate Sec. I	OT	EQ	LUX	01/12	USD	15.46	0.3	46.4	-11.0
Short Mat Dollar A	US	BD	LUX	01/12	USD	7.33	0.8	11.8	-5.3
Short Mat Dollar A2	US	BD	LUX	01/12	USD	9.88	0.9	11.8	-5.4
Short Mat Dollar AT	US	BD	LUX	01/12	USD	7.32	1.0	11.9	-5.4
Short Mat Dollar B	US	BD	LUX	01/12	USD	7.33	0.8	11.3	-5.8
Short Mat Dollar B2	US	BD	LUX	01/12	USD	9.83	0.9	11.3	-5.9
Short Mat Dollar BT	OT	OT	LUX	01/12	USD	7.34	1.0	11.0	-6.1
Short Mat Dollar C	US	BD	LUX	01/12	USD	7.33	0.8	11.3	-5.8
Short Mat Dollar C2	US	BD	LUX	01/12	USD	13.90	0.9	11.3	-5.8
Short Mat Dollar I	US	BD	LUX	01/12	USD	7.33	0.8	12.4	-4.8

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	11/30	USD	1616.75	66.9	72.1	NS

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
CPS-Master Priv Fund	GL	OT	WSM	01/11	USD	100.00	0.0	21.5	20.8

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Platinm-All Star	OT	OT	CYM	10/30	USD	95.07	13.2	5.7	-13.4
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	10/30	USD	108.45	5.5	2.5	-34.0
Platinm-Emancipation	OT	OT	USA	10/30	USD	93.58	25.0	9.3	-11.3
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	10/30	USD	60.64	29.4	15.3	-31.8
Platinm-Nordic	OT	OT	CYM	10/30	SEK	607.79	11.4	9.7	-18.3
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	10/30	USD	56.60	NS	NS	-38.7

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Superfund Cayman*	OT	OT	CYM	01/05	USD	45.49	8.4	-45.4	-2.5
Superfund GCT USD*	GL	EQ	LUX	01/05	USD	2391.00	7.7	-34.5	-0.7
Superfund Green Gold A (SPC)	OT	OT	CYM	01/05	USD	1038.69	6.7	-10.7	8.7
Superfund Green Gold B (SPC)	OT	OT	CYM	01/05	USD	1027.10	9.1	-23.8	4.7
Superfund Q-AG*	OT	OT	AUT	01/05	EUR	6977.00	5.3	-20.4	3.8

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Winton Evolution EUR Cls H	OT	OT	CYM	12/31	EUR	945.08	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	12/31	GBP	949.08	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	12/31	USD	1199.12	-5.4	-5.4	2.0
Winton Futures EUR Cls C	OT	OT	VGB	12/31	EUR	196.82	-4.4	-4.4	7.7
Winton Futures GBP Cls D	OT	OT	VGB	12/31	GBP	212.85	-4.1	-4.1	8.7
Winton Futures JPY Cls E	OT	OT	VGB	12/31	JPY	13885.82	-5.9	-5.9	5.0
Winton Futures USD Cls B	OT	OT	VGB	12/31	USD	699.39	-4.6	-4.6	7.4

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MARKETS

Google's threat to quit China boosts Baidu

By Donna Kardos Yesalavich And Kristina Peterson

U.S. stocks gained Wednesday as the financial sector rebounded, but declining energy stocks kept gains in check.

In midday trading, the Dow Jones Industrial Average was up 30.38 points, or 0.3%, at 10657.64. The measure was fluctuating between small gains and losses.

ABREAST OF THE MARKET

The Standard & Poor's 500-share index added 4.11 points, or 0.4%, to 1140.33.

The technology-heavy Nasdaq Composite Index added 5.02 points, or 0.2%, to 2287.33. **Google**, which has one of the heaviest weightings in the measure, fell 1.5% after the Internet-search giant said it was considering pulling out of China following a series of cyber attacks the company believes originated from the country. Google's warning raised concern among investors that multinational companies may not be able to expand in China as quickly as they had hoped.

The possibility of Google exiting China was good news for **Baidu**, its chief competitor in China. American depository shares of the Chinese search engine rose 13%.

Chevron fell 1% as crude-oil futures fell below $80 a barrel. The government reported a bigger-than-expected increase in crude-oil inventories of 3.7 million barrels.

Merck jumped 4.1% after Credit Suisse raised its investment rating on the stock to outperform from neutral and boosted its target price, saying it has a positive view on the company's pipeline. **Kraft Foods** rose 0.7% after the food giant, embroiled in a contentious takeover bid for Cadbury, boosted its profit estimates for 2009.

European stocks

European shares closed up for the first time in three sessions, as gains for technology stocks helped offset jitters about banking-sector earnings. The pan-European Dow Jones Stoxx 600 index rose 0.2% to 256.96.

Among national indexes, the German DAX index rose 0.3% to 5963.14, while the French CAC-40 index was fractionally higher at 4000.86. The U.K. FTSE 100 index shed 0.5% to 5473.48.

In Athens, the ASE general index fell 1.2% a day after sliding 5% on concerns that the government's red ink will be larger than feared.

Semiconductor maker Infineon Technologies gained 3.2% in Frankfurt, aided by positive analyst comments. Dutch chip-equipment firm **ASML Holding** rose 1.7% in Amsterdam on a separate analyst note.

Société Générale lost 2.9% in Paris as it announced it will take another €1.4 billion ($2 billion) of charges on risky assets and should report "a slight profit" for the fourth quarter of 2009.

—Sarah Turner in London contributed to this article.

Oil falls below $80 on rising U.S. supplies

By Brian Baskin

NEW YORK—Crude futures dropped sharply Wednesday after the latest U.S. oil and fuel inventory data reversed the recent trend of tightening supplies that had helped send oil prices to a 15-month high last week.

COMMODITY MARKETS

Light, sweet crude for February delivery was down $1.58, or 2%, at $79.21 a barrel late morning on the New York Mercantile Exchange.

The U.S. Energy Information Administration reported across-the-board increases in oil and fuel inventories in the week ended Jan. 8, as well as a decline in products supplied, a proxy for demand.

Total oil and fuel inventories had fallen for five consecutive weeks. But rising stockpiles in the first report of 2010 seemingly confirmed that recent declines stemmed from attempts to reduce onshore inventories for end-of-year tax considerations, rather than any improvement in demand.

Oil inventories rose 3.7 million barrels, compared with a one-million-barrel increase expected by analysts in a Dow Jones survey. Gasoline stocks increased 3.8 million barrels, against a one-million-barrel forecast gain, while distillate stocks, including heating oil and diesel, rose 1.4 million barrels. Analysts had expected a decline of 1.8 million barrels.

Central-bank decision weighs on China shares

By Colin Ng And Philip Vahn

HONG KONG—Asian stock markets ended lower Wednesday as the Chinese central bank's move a day earlier to rein in excessive credit creation raised concerns that further monetary-tightening measures may be on the anvil.

The Shanghai Composite Index slumped 3.1% to 3172.66 after the People's Bank of China said late Tuesday that it will raise the reserve-requirement ratio for banks by a half-percentage point from Monday, the first such rise since November 2008.

ASIAN-PACIFIC STOCKS

The slump in mainland shares dragged Hong Kong's Hang Seng Index 2.6% lower to 21748.60, while the Hang Seng China Enterprises Index, an index of several large-cap Chinese stocks listed in Hong Kong, plummeted 3.7% to 12482.18.

"China is now in an early tightening cycle, and some investors may see the overnight decision as a surprise, which can increase flight-to-safety moves and volatility in the market, but only for short term," said Yoo Soo-min at Hyundai Securities. "I don't think China's decision would change stocks' uptrend.... People have expected China may take pre-emptive measures to prevent asset bubbles from forming and reduce excess capacity."

Japan's Nikkei Stock Average of 225 companies declined 1.3% to 10735.03, Australia's S&P/ASX 200 fell 0.6% to 4868.13, while South Korea's Kospi declined 1.6% to 1671.41.

Chinese banks were sharply lower on the PBOC's decision, with property developers also dropping on fears the central bank's move would put the brakes on bank lending, making it harder for developers to obtain loans.

China Construction Bank lost 5%, and **Industrial & Commercial Bank of China** skidded 4.7%, while **Poly Real Estate Group** shed 4.1% in Shanghai. In Hong Kong, CCB dropped 3.9%, and ICBC fell 3.6%, while **China Resources Land** sank 6.6%.

In Tokyo, the PBOC's tightening move weighed on steel and resources stocks. **Nippon Steel** fell 3.3%, while **Sumitomo Metal Industries** gave up 3.5%. **Japan Airlines** crashed 81% on continued concerns that the stock would be delisted.

In Sydney, **WorleyParsons** fell 11% after it cut its full-year earnings guidance, citing weaker-than-expected U.S. demand for its services and uncertainty over how governments may combat climate change.

Energy Resources of Australia gave up 2.8% as the miner flagged lower ore grades in the first half of 2010 and disappointing fourth-quarter production.

In Seoul, stocks linked to the Chinese economy, such as shipbuilders and steelmakers, were lower. **Posco** fell 4.5% and **Daewoo Shipbuilding & Marine Engineering** lost 3.5%.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Concentra AE	EU	EQ	DEU	01/13	EUR	52.15	0.0	39.0	-9.7
Industria AE	EU	EQ	DEU	01/13	EUR	72.91	1.9	33.8	-14.0
InternRent AE	EU	BD	DEU	01/13	EUR	35.45	0.7	-0.4	9.3

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CAM-GTF Limited	AS	EQ	MUS	12/31	USD	274508.01	103.5	103.5	2.6

GAM

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	01/04	USD	1244.35	0.1	22.8	-8.4
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	01/11	JPY	16208.20	4.3	67.7	4.5
GAM Asia Equity Hedge US	OT	OT	VGB	01/11	USD	301.38	3.8	67.4	5.6
GAM Asia Equity USD	OT	OT	VGB	01/12	USD	671.59	2.7	76.2	-10.7
GAM Asia-Pacific Eq USD	OT	OT	VGB	01/12	USD	1357.33	5.8	25.3	-12.1
GAM Com Glb Bal EUR Op	US	BA	VGB	12/31	EUR	94.49	15.2	15.2	-9.0
GAM Com Glb Bal USD Op	US	BA	VGB	12/31	USD	127.78	15.2	15.2	-9.0
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	12/31	EUR	97.11	22.1	22.1	-15.7
GAM Comp Glb Eq USD Op	GL	EQ	VGB	12/31	USD	127.52	22.1	22.1	-15.7
GAM Comp Glb Gr EUR Op	US	BA	VGB	12/31	EUR	85.62	15.6	15.6	-13.0
GAM Comp Glb Gr USD Op	US	BA	VGB	12/31	USD	127.07	15.6	15.6	-13.0
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	01/08	USD	255.42	2.7	36.5	-8.7
GAM Cross Trading Inc	OT	OT	VGB	12/31	USD	465.88	6.5	6.5	6.1
GAM Diversity CHF Op	OT	OT	VGB	12/31	CHF	94.31	4.2	4.2	-7.0
GAM Diversity EUR Op	OT	OT	VGB	12/31	EUR	648.51	5.1	5.1	-5.4
GAM Diversity USD 2.5XL	OT	OT	VGB	12/31	USD	78.29	8.5	8.5	-19.8
GAM Diversity USD Op	OT	OT	VGB	12/31	USD	680.96	5.1	5.1	-5.9
GAM Dvrsty II CHF Op	OT	OT	VGB	12/31	CHF	99.50	4.0	4.0	-6.6
GAM Dvrsty II EUR Op	OT	OT	VGB	12/31	EUR	138.77	4.6	4.6	-5.5
GAM Dvrsty II USD Op	OT	OT	VGB	12/31	USD	210.17	4.6	4.6	-5.8
GAM DvrstyIII EUR Op	OT	OT	VGB	12/31	EUR	115.55	4.5	4.5	-5.6
GAM DvrstyIII USD Op	OT	OT	VGB	12/31	USD	121.98	4.6	4.6	-5.8
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	01/04	EUR	220.59	0.8	11.8	-4.2
GAM Euro Eq Hdg USD Op	OT	OT	VGB	01/04	USD	204.97	0.8	12.5	-2.6
GAM European Equity USD	OT	OT	VGB	01/11	USD	303.30	3.4	30.2	-10.8
GAM GAMCO	OT	EQ	VGB	01/05	USD	827.18	2.0	42.5	-9.8
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	01/11	EUR	98.89	1.1	13.4	-16.4
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	01/11	USD	104.26	1.0	13.9	-15.7
GAM Gbl Divers USD Inc.	GL	EQ	VGB	01/11	USD	260.38	4.2	25.7	-5.4
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	01/11	USD	298.02	3.9	95.1	23.7
GAM Intrst Trend II	GL	BD	VGB	12/31	USD	94.13	42.5	42.5	-9.1
GAM Intrst Trend Inc	OT	OT	VGB	01/11	USD	264.08	5.0	59.6	-4.9
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	01/11	EUR	122.40	4.9	12.5	-3.3
GAM Japan Eq Hdg USD Op	OT	OT	VGB	01/11	USD	128.06	4.9	NS	-15.6
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	01/11	JPY	8822.67	5.0	12.0	-14.7
GAM Japan USD	JP	EQ	VGB	01/12	USD	1189.50	7.9	13.8	-11.4
GAM Japan YEN	JP	EQ	VGB	01/12	JPY	9426.74	6.8	17.9	-17.8
GAM Money Mkt EuroOp	EU	MM	VGB	01/11	EUR	51.14	0.0	0.2	1.6
GAM Money Mkt USD	US	MM	VGB	01/11	USD	99.99	0.1	0.0	0.8
GAM Multi-Arb EUR Op	OT	OT	VGB	12/31	EUR	111.21	-0.8	-0.8	-9.3
GAM Multi-Arb USD Op	OT	OT	VGB	12/31	USD	116.05	-0.6	-0.6	-9.6
GAM Multi-China EUR Op	OT	OT	VGB	12/31	EUR	167.97	13.1	13.1	-8.5
GAM Multi-China USD Op	OT	OT	VGB	12/31	USD	176.59	13.7	13.7	-9.2
GAM Multi-Emer Mkts GBP	OT	OT	VGB	12/31	GBP	131.51	25.7	25.7	-2.4
GAM Multi-Emer Mkts USD	OT	OT	VGB	12/31	USD	650.94	25.6	25.6	-2.7
GAM Multi-Eur EUR Op	OT	OT	VGB	12/31	EUR	268.84	7.1	7.1	-9.9
GAM Multi-Eur II EUR Op	OT	OT	VGB	12/31	EUR	138.33	7.1	7.1	-9.9
GAM Multi-Eur II USD Op	OT	OT	VGB	12/31	USD	113.08	6.6	6.6	-10.8
GAM Multi-Eur USD Op	OT	OT	VGB	12/31	USD	467.71	6.7	6.7	-10.7
GAM Multi-Nth Am EUR Special	OT	OT	VGB	12/31	EUR	134.00	12.4	12.4	-3.9
GAM Multi-Nth Am USD Special	OT	OT	VGB	12/31	USD	218.14	12.7	12.7	-4.0
GAM Multi-Pac EUR Op	GL	EQ	VGB	12/31	EUR	143.40	5.2	5.2	-4.4
GAM Multi-Pac USD Op	OT	OT	VGB	12/31	USD	165.42	5.2	5.2	-4.8
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	01/04	USD	2679.04	1.6	69.2	9.6
GAM Sing/Malaysia	AS	EQ	VGB	01/12	USD	2624.30	3.9	63.6	-9.8
GAM Sterling Spe Bd Inc	OT	OT	VGB	01/04	GBP	230.99	0.4	41.6	2.4
GAM Trading EUR Inc	OT	OT	VGB	12/31	EUR	325.15	6.4	6.4	6.7
GAM Trading USD Inc	OT	OT	VGB	12/31	USD	973.05	6.5	6.5	6.1
GAM Trdg II IncEUR Op	OT	OT	VGB	12/31	EUR	139.06	6.2	6.2	6.6
GAM Trdg II IncUSD Op	OT	OT	VGB	12/31	USD	315.95	6.5	6.5	6.2
GAM Trdg IV IncEUR Op	OT	OT	VGB	12/31	EUR	146.76	6.0	6.0	6.4
GAM Trdg IV IncUSD Op	OT	OT	VGB	12/31	USD	154.52	6.3	6.3	6.1
GAM Trdg V IncEUR Op	OT	OT	VGB	12/31	EUR	124.45	6.1	6.1	6.2
GAM Trdg V IncUSD Op	OT	OT	VGB	12/31	USD	129.60	6.2	6.2	6.0
GAM TrdgIII IncEUR Op	OT	OT	VGB	12/31	EUR	157.01	6.2	6.2	6.4
GAM TrdgIII IncUSD Op	OT	OT	VGB	12/31	USD	162.51	6.3	6.3	6.1
GAM USDSpecBondInc	US	BD	VGB	01/04	USD	533.53	0.7	75.5	6.4
GAM Worldwide	GL	EQ	VGB	01/11	USD	2296.92	3.2	30.0	-7.4
GAMut Investments	OT	OT	VGB	01/06	USD	7647.01	0.9	5.3	8.0

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	01/11	CHF	11.13	0.8	54.7	-14.2
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	01/11	EUR	12.08	1.4	59.6	-9.0
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	01/11	GBP	1.62	3.1	61.9	-0.5
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	01/11	USD	13.77	2.7	72.3	-9.5
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	01/11	EUR	105.27	4.1	20.8	-10.1
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	01/11	EUR	101.88	4.1	20.8	-10.1
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	01/11	EUR	11.29	2.7	24.9	-7.6
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	01/11	EUR	187.00	2.1	23.0	-10.2
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	01/11	EUR	170.87	2.1	23.0	-10.2
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	01/11	USD	16.54	3.4	32.5	-10.7
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	01/11	USD	15.00	3.4	32.5	-10.7
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	01/11	USD	5.59	1.9	19.7	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	01/11	EUR	92.40	5.0	9.4	-9.0
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	01/11	EUR	92.40	5.0	9.4	-9.0
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	01/11	JPY	968.63	5.2	15.5	-18.3
GAMStar-JpnEq USD Acc	JP	EQ	IRL	01/11	USD	11.74	5.6	11.2	-12.5
GAMStar-World EqUSD Acc	GL	EQ	IRL	01/11	USD	2309.53	3.2	31.0	-6.9

Manulife Wealth Management 宏利財富管理

■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110

Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	01/13	USD	15.40	0.8	30.2	-10.7
American Growth AA	US	EQ	LUX	01/13	USD	0.89	0.8	29.8	-5.8
Asian Equity	AS	EQ	LUX	01/13	USD	2.47	0.8	72.8	-8.2
Asian Equity AA	AS	EQ	LUX	01/13	USD	0.80	0.8	72.2	-8.5
Asian Sm Cap Equity AA	AS	EQ	LUX	01/13	USD	1.20	3.5	101.0	-4.5
China Value A	AS	EQ	LUX	01/13	USD	7.12	0.1	72.8	-6.3
China Value AA	AS	EQ	LUX	01/13	USD	2.24	0.1	72.3	-6.5
Dragon Growth	AS	EQ	LUX	01/13	USD	1.65	0.6	73.4	-8.8
Dragon Growth AA	OT	OT	LUX	01/13	HKD	8.04	0.6	72.9	-9.9
Emg Eastrn Europe A	EU	EQ	LUX	01/13	USD	4.88	5.8	113.1	-16.3
Emg Eastrn Europe AA	EU	EQ	LUX	01/13	USD	2.10	5.8	112.8	-16.5
European Growth	EU	EQ	LUX	01/13	USD	9.44	3.1	54.4	-14.7
European Growth AA	EU	EQ	LUX	01/13	USD	0.67	3.1	54.1	-14.9
Global Contrarain AA	GL	EQ	LUX	01/13	USD	0.93	5.3	94.1	NS
Global Property AA	OT	EQ	LUX	01/13	USD	0.68	0.5	57.4	-10.6
Global Resources AA	OT	EQ	LUX	01/13	USD	1.13	4.1	67.4	-10.7
Healthcare AA	OT	EQ	LUX	01/13	USD	0.95	0.5	18.7	NS
India Equity AA	EA	EQ	LUX	01/13	USD	1.14	3.3	95.7	-18.5
International Growth	GL	EQ	LUX	01/13	USD	3.13	2.8	31.5	-12.9
International Growth AA	GL	EQ	LUX	01/13	USD	0.73	2.7	31.2	-13.1
Japanese Growth	JP	EQ	LUX	01/13	USD	2.89	4.9	15.7	-9.3
Japanese Growth AA	JP	EQ	LUX	01/13	USD	0.76	4.9	15.4	-9.5
Latin America Equity AA	GL	EQ	LUX	01/13	USD	1.32	2.7	106.0	-2.5
Manulife GF Strategic Income Fund AA	OT	OT	NA	01/13	USD	1.02	1.5	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	01/13	USD	1.16	1.4	NS	NS
Russia Equity AA	EE	EQ	LUX	01/13	USD	0.68	10.2	142.4	-21.0
Taiwan Equity AA	AS	EQ	LUX	01/13	USD	1.08	0.0	90.0	5.3
Turkey Equity AA	EE	EQ	LUX	01/13	USD	0.82	6.4	140.8	-9.5
U.S. Bond AA	US	BD	LUX	01/13	USD	1.12	1.4	17.6	7.6
U.S. Sm Cap Equity AA	US	EQ	LUX	01/13	USD	0.84	2.8	70.7	-9.5
U.S. Special Opportunities	OT	OT	LUX	01/13	USD	0.85	5.0	79.2	4.6
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	01/13	USD	1.15	0.6	8.3	2.7

■ PT CIPTADANA ASSET MANAGEMENT

Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	01/06	USD	134.30	5.5	107.9	-0.5

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED

www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	01/11	USD	8.27	3.1	92.3	-3.5

SOCIETE GENERALE
Asset Management

■ SG ASSET MANAGEMENT (HK) LTD

Hotline in Hong Kong 2166 5099

A company of Amundi Group

www.sgam.com

Bonds Eur Hi Yld A	OT	OT	LUX	01/11	EUR	21.33	3.6	51.0	1.7
Bonds EURO A	OT	OT	LUX	01/12	EUR	41.27	0.5	4.6	5.0
Bonds EUROPE A	OT	OT	LUX	01/12	EUR	39.26	0.4	3.2	4.3
Bonds US OppsCoreplus A	OT	OT	LUX	01/11	USD	37.04	0.4	15.5	7.9
Bonds World A	OT	OT	LUX	01/12	USD	42.64	1.5	8.2	5.7
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	01/12	USD	10.72	2.9	74.3	-10.2
Eq. China A	AS	EQ	LUX	01/12	USD	24.48	1.4	74.9	-13.6
Eq. Concentrated Euroland A	OT	OT	LUX	01/12	EUR	93.36	0.4	21.8	-17.6
Eq. ConcentratedEuropeA	EU	EQ	LUX	01/12	EUR	27.37	1.3	31.3	-15.4
Eq. Emerging Europe A	OT	OT	LUX	01/12	EUR	24.46	3.8	77.6	-24.1
Eq. Euroland A	EU	EQ	LUX	01/12	EUR	10.90	0.7	18.9	-18.5
Eq. Euroland Small Cap A	OT	OT	LUX	01/12	EUR	145.86	3.3	45.4	-6.2
Eq. EurolandCyclicIsA	EU	EQ	LUX	01/12	EUR	17.98	1.0	30.3	-12.4
Eq. EurolandFinancialA	OT	EQ	LUX	01/11	EUR	11.79	4.2	35.8	-18.6
Eq. Glbl Emg Cty A	GL	EQ	LUX	01/12	USD	9.95	2.7	73.8	-13.5
Eq. Global A	GL	EQ	LUX	01/12	USD	28.53	2.4	38.5	-11.5
Eq. Global Energy A	OT	EQ	LUX	01/12	USD	18.81	3.7	33.0	-11.4
Eq. Global Resources A	OT	OT	LUX	01/11	USD	116.99	7.1	64.2	-7.7
Eq. Gold Mines A	OT	EQ	LUX	01/12	USD	31.87	5.2	72.7	-2.9
Eq. India A	OT	OT	LUX	01/12	USD	134.82	3.1	93.1	-18.6
Eq. Japan CoreAlpha A	OT	OT	LUX	01/12	JPY	7752.02	6.9	26.1	-8.0
Eq. Latin America A	OT	OT	LUX	01/11	USD	120.66	3.8	85.3	-8.1
Eq. US Lg Cap Gr A	US	EQ	LUX	01/12	USD	15.56	2.0	45.3	-9.8
Eq. US Rel Val A	US	EQ	LUX	01/12	USD	21.12	2.5	40.0	-11.4
Eq. US Sm Cap Val A	US	EQ	LUX	01/12	USD	16.35	2.5	32.8	-15.6
Money Market EURO A	EU	MM	LUX	01/12	EUR	27.40	0.0	0.9	2.6
Money Market USD A	US	MM	LUX	01/12	USD	15.83	0.0	0.5	1.6

المستثمر الوطني The National Investor

■ THE NATIONAL INVESTOR

TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	01/07	USD	979.79	1.9	4.2	-27.0
TNI MENA Special Sits Fund	OT	OT	BMU	12/31	USD	1079.31	11.2	11.2	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	01/07	AED	5.51	3.3	20.1	-31.8

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Investing through discipline

■ WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487

**formerly known as China ABH Shares Fund*

Intel-Chin MainInd Foc	AS	EQ	CYM	12/31	USD	29.84	86.0	86.0	1.4
Intel-China Converg*	AS	EQ	CYM	12/31	USD	114.03	87.1	87.1	1.3
VP Classic - A	AS	EQ	CYM	01/12	USD	194.06	4.1	85.4	-0.3
VP CLassic - B	AS	EQ	CYM	01/12	USD	90.43	4.0	84.5	-0.8
VP High Dividend Stk	AS	EQ	CYM	01/11	USD	47.10	3.7	81.6	1.9

yuki
Yuki Management & Research
Tel +81-3-5298-3277 www.yukijapan.co.jp

■ YUKI INTERNATIONAL LIMITED

Tel +44-207-269 0203 www.yukifunds.com

■ YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	01/13	JPY	9610.00	2.5	17.0	-20.5
YMR-N Small Cap Fund	OT	OT	IRL	01/13	JPY	7004.00	-0.3	13.5	-20.6

■ Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	01/13	JPY	6260.00	1.8	11.9	-22.9
Yuki 77 Growth	JP	EQ	IRL	01/13	JPY	5704.00	1.1	5.9	-28.4

■ Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	01/13	JPY	6981.00	2.3	17.0	-19.4
Yuki Chugoku JpnLowP	JP	EQ	IRL	01/13	JPY	7830.00	3.8	1.7	-19.4

■ Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	01/13	JPY	4801.00	2.7	11.9	-22.8
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	01/13	JPY	5441.00	3.7	10.1	-17.0
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	01/13	JPY	5093.00	-0.2	15.4	-19.2

■ Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	01/13	JPY	4511.00	2.1	13.6	-26.7
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	01/13	JPY	4748.00	1.8	12.6	-26.7
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	01/13	JPY	7090.00	1.7	23.2	-21.2
Yuki Mizuho Jpn Gen	OT	OT	IRL	01/13	JPY	8791.00	2.0	18.4	-20.6
Yuki Mizuho Jpn Gro	OT	OT	IRL	01/13	JPY	6473.00	1.8	12.1	-24.1
Yuki Mizuho Jpn Inc	OT	OT	IRL	01/13	JPY	7823.00	2.5	3.7	-20.2
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	01/13	JPY	5335.00	2.8	15.2	-21.2
Yuki Mizuho Jpn LowP	OT	OT	IRL	01/13	JPY	11855.00	2.5	14.0	-16.0
Yuki Mizuho Jpn PGth	OT	OT	IRL	01/13	JPY	8010.00	0.6	13.0	-26.8
Yuki Mizuho Jpn SmCp	OT	OT	IRL	01/13	JPY	7079.00	-0.8	22.2	-20.9
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	01/13	JPY	5829.00	3.2	18.7	-18.3
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	01/13	JPY	2702.00	-0.9	17.1	-28.9

■ Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	01/13	JPY	5542.00	2.2	17.5	-20.1

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

BLUE CHIPS & BONDS

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE Previous session	Year-to-date	52-week
Japan	-1.26%	4.4%	16.7%
Russia	0.91	3.4	125.6
Sweden	0.38	2.5	64.0
Turkey	1.95	2.4	111.0
Netherlands	0.48	1.7	41.5
Italy	0.38	1.6	28.5
Switzerland	-0.07	1.4	32.1
France	-0.16	1.4	32.0
U.K.	-0.37	1.3	31.0
Spain	0.04	1.2	24.2
South Africa	-0.05	0.6	27.8
Brazil	-0.31	0.5	107.5
Germany	0.35	0.1	28.4
Canada	-0.24	-0.3%	32.9
Australia	-0.56	-0.3	30.9
Singapore	-0.87	-0.9	64.5
Hong Kong	-3.01	-0.9	55.2
South Korea	-1.59	-1.5	42.1
China 88	-3.88	-5.6	62.7

Dow Jones Regional Sector Titans

Ind Gds Svcs	-0.36%	5.3%	45.7%
EU Enlarged†-p	-1.39	4.9	40.4
Auto Parts	-0.84	4.5	62.4
Asian 50	-1.60	3.6	38.6
Nordic 30 -p	-1.30	2.4	38.8
Arab 50	-0.44	2.3	15.1
Global 50	-0.25	1.5	31.8
Stoxx 50 -p	-0.77	0.7	23.7
Euro Stoxx 50 -p	-1.11	0.4	23.5
Tiger 50*	-2.11	-0.1%	64.0

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Wednesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Sony	Japan	Consumer Electronics	$32.7	2,998	2.81%	43.4%	-47.0%
Nippon T&T	Japan	Fixed Line Telecomms	56.8	3,925	2.61	-16.0	-35.6
KDDI	Japan	Mobile Telecomms	25.4	525,000	2.34	-5.2	-35.0
Japan Tobacco	Japan	Tobacco	34.9	332,500	1.99	14.7	-42.8
NTT DoCoMo	Japan	Mobile Telecomms	61.9	135,500	1.88	-14.2	-28.7
JFE Hldgs	Japan	Iron Steel	$20.7	3,580	-5.04%	50.4	-39.6
CNOOC	Hong Kong	Exploration Production	72.1	12.52	-5.01	76.3	88.0
POSCO	South Korea	Iron Steel	40.2	596,000	-4.49	57.3	98.7
China Constr Bk	Hong Kong	Banks	178.8	6.17	-3.89	62.4	25.9
Sun Hung Kai Prop	Hong Kong	Real Estate Hldg Dev	37.4	113.00	-3.75	70.1	13.3

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
China Mobile (HK) Hong Kong (Mobile Telecommunications)	198.3	77.35	0.91%	6.3%	12.8%
Panasonic Japan (Consumer Electronics)	33.1	1,460	0.76	28.8	-39.7
Westfield Grp Australia (Retail REITs)	26.6	12.50	0.56	-0.8	-39.6
Woolworths Australia (Food Retailers Wholesalers)	31.7	27.91	0.43	3.7	22.9
QBE Ins Grp Australia (Reinsurance)	23.2	24.50	0.20	-5.0	-17.3
Aus NZ Bk Australia (Banks)	51.6	22.30	0.18	45.5	-19.7
Seven I Hldgs Japan (Broadline Retailers)	19.9	2,012	0.15	-23.5	-46.4
Woodside Petroleum Australia (Exploration Production)	32.2	48.58	-0.10	36.3	36.1
Tokyo Elec Power Japan (Conventional Electricity)	36.1	2,440	-0.20	-10.3	-36.6
Takeda Pharm Japan (Pharmaceuticals)	33.9	3,930	-0.25	-10.9	-50.1
Honda Motor Japan (Automobiles)	66.1	3,305	-0.30	69.9	-28.9
Westpac Bking Australia (Banks)	67.5	25.10	-0.32	49.9	5.0
Kansai Elec Power Japan (Conventional Electricity)	22.2	2,130	-0.33	-7.4	-32.4
National Australia Bk Australia (Banks)	51.9	26.82	-0.48	29.8	-33.0
Mizuho Financial Grp Japan (Banks)	27.1	176.00	-0.56	-30.7	-80.4
BHP Billiton Australia (General Mining)	133.6	43.12	-0.85	39.4	75.9
Hutchison Whampoa Hong Kong (Diversified Industrials)	31.9	58.10	-0.85	45.3	-27.3
Commonwlth Bk of Aus Australia (Banks)	78.6	56.01	-0.99	97.1	14.2
Shinhan Financial Grp South Korea (Banks)	18.9	44,800	-1.10	44.9	-5.8
Tokio Marine Hldgs Japan (Property Casualty Insurance)	23.0	2,674	-1.18	19.6	-40.8

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	51.2	62.80	-1.26%	46.8%	-10.1%
Nintendo Japan (Toys)	36.0	25,750	-1.27	-22.3	-19.7
Toyota Motor Japan (Automobiles)	139.7	4,055	-1.46	38.9	-48.9
Samsung Elec South Korea (Semiconductors)	104.5	797,000	-1.48	62.8	32.4
RioZim Ltd Australia (General Mining)	43.2	77.12	-1.59	140.6	37.1
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	39.1	145.50	-1.69	161.5	-7.5
East Japan Railway Japan (Travel Tourism)	26.1	6,020	-1.79	-6.7	-29.4
Mitsubishi UFJ Finl Japan (Banks)	72.9	479.00	-1.84	-8.6	-68.7
KB Fncl Group South Korea (Banks)	19.7	57,700	-1.87	53.1	-20.7
Sumitomo Mitsui Finl Japan (Banks)	31.0	2,805	-2.43	-25.2	-77.9
Shin-Etsu Chml Japan (Specialty Chemicals)	24.3	5,230	-2.61	23.4	-35.0
China Life Ins Hong Kong (Life Insurance)	35.6	37.15	-2.62	64.8	44.8
Canon Japan (Electronic Office Equipment)	51.9	3,845	-2.66	30.6	-40.1
Cheung Kong Hong Kong (Real Estate Holding Development)	29.5	98.80	-2.76	33.5	-3.0
Nissan Motor Japan (Automobiles)	35.7	800.00	-2.79	146.2	-44.7
Nippon Steel Japan (Iron Steel)	26.3	382.00	-3.29	33.6	-41.8
Mitsubishi Japan (Industrial Suppliers)	42.9	2,390	-3.55	88.3	11.2
Indl Comm Bk China Hong Kong (Banks)	63.5	5.93	-3.58	76.0	27.3
PetroChina Hong Kong (Integrated Oil Gas)	26.5	9.75	-3.66	48.9	3.8
Mitsui Japan (Industrial Suppliers)	27.8	1,403	-3.71	55.5	-17.3

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	-0.06%	0.62%	1.5%	-0.1%	7.0%
Event Driven	0.85	1.75	3.7	1.1	15.8
Equity Long/Short	1.31	3.46	2.5	1.8	6.5

*Estimates as of 01/11/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

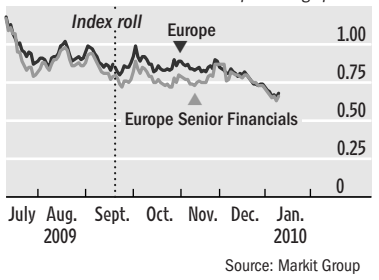
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.68	101.50%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	0.95	100.25	0.01	1.76	0.92	1.34
Europe Crossover: 12/1	3.99	104.11	0.05	6.15	3.79	5.09
Asia ex-Japan IG: 12/1	0.87	100.59	0.01	1.29	0.87	1.06
Japan: 12/1	1.17	99.18	0.01	1.68	0.99	1.32

Note: Data as of January 12

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Sanyo Shinpan Fin	621	**-24**	-148	-357
Orix	229	**-11**	-23	-131
Softbank	393	**-11**	-31	-61
All Nippon Awys	295	**-7**	-19	-55
Nomura Secs	141	**-5**	-12	-29
Kajima	296	**-4**	-27	-47
Toshiba	140	**-4**	-14	-23
Mitsubishi Heavy Inds	77	**-4**	-7	-13
Kobe Stl	110	**-3**	-10	-13
Sharp	49	**-3**	-5	-9

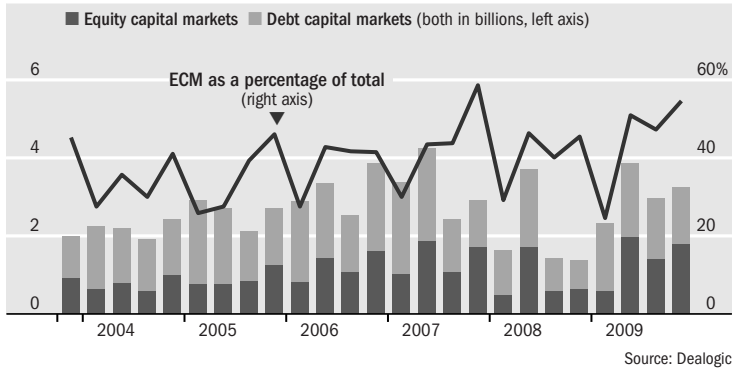
And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Honda Mtr	61	**1**	-3	-9
Korea Elec Pwr	59	**1**	-6	-10
Nippon Paper Inds	86	**1**	-7	-14
Petroliam Nasional BHD Petronas	75	**2**	-6	-2
Samsung Electrs	58	**2**	-6	-5
Sumitomo Metal Inds	70	**2**	-4	-9
Malayan Bkg	83	**2**	-7	-4
Nikon	47	**2**	...	-2
Asahi Glass	52	**4**	-3	-8
Nishimatsu Constr	530	**5**	-17	-14

Source: Markit Group

Europe: Bank revenues from equity capital markets

Behind every IPO, follow-on or convertible equity offering is one or more investment banks. At right, investment banks historical and year-to-date revenues from global equity-capital-market (ECM) deals



Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	**373.75**	-18.75	**-4.78%**	712.25	315.50
Soybeans (cents/bu.)	CBOT	**977.50**	-0.50	**-0.05**	1,560.00	805.00
Wheat (cents/bu.)	CBOT	**525.00**	-10.75	**-2.01**	1,029.25	459.00
Live cattle (cents/lb.)	CME	**85.450**	0.400	**0.47%**	108.600	81.900
Cocoa ($/ton)	ICE-US	**3,386**	44	**1.32**	3,510	1,994
Coffee (cents/lb.)	ICE-US	**143.80**	0.70	**0.49**	188.65	115.00
Sugar (cents/lb.)	ICE-US	**27.82**	0.46	**1.68**	28.95	11.91
Cotton (cents/lb.)	ICE-US	**73.49**	0.70	**0.96**	84.00	49.67
Crude palm oil (ringgit/ton)	MDEX	**2,510.00**	-46	**-1.80**	3,580	1,487
Cocoa (pounds/ton)	LIFFE	**2,290**	12	**0.53**	2,337	1,310
Robusta coffee ($/ton)	LIFFE	**1,397**	1	**0.07**	1,710	1,300
Copper (cents/lb.)	COMEX	**336.10**	1.15	**0.34**	365.00	135.50
Gold ($/troy oz.)	COMEX	**1121.00**	-7.90	**-0.70**	1,227.50	762.30
Silver (cents/troy oz.)	COMEX	**1839.00**	13.50	**0.74**	2,011.50	1,045.00
Aluminum ($/ton)	LME	**2,282.00**	-10.00	**-0.44**	2,356.50	1,288.00
Tin ($/ton)	LME	**17,700.00**	-100.00	**-0.56**	17,875.00	9,945.00
Copper ($/ton)	LME	**7,410.00**	-44.00	**-0.59**	7,695.00	3,085.00
Lead ($/ton)	LME	**2,455.00**	20.00	**0.82**	2,615.00	995.00
Zinc ($/ton)	LME	**2,508.00**	-4.50	**-0.18**	2,659.00	1,086.00
Nickel ($/ton)	LME	**17,775**	-50	**-0.28**	21,150	9,475
Crude oil ($/bbl.)	NYMEX	**79.21**	-1.58	**-1.96**	141.30	48.78
Heating oil ($/gal.)	NYMEX	**2.0850**	-0.0468	**-2.20**	3.5570	1.3816
RBOB gasoline ($/gal.)	NYMEX	**2.0400**	-0.0578	**-2.76**	2.1927	1.2304
Natural gas ($/mmBtu)	NYMEX	**5.627**	0.075	**1.35**	12.590	4.550
Brent crude ($/bbl.)	ICE-EU	**78.06**	-1.77	**-2.22**	98.10	49.10
Gas oil ($/ton)	ICE-EU	**634.50**	-23.75	**-3.61**	875.00	450.50

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Jan. 13

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.5078	0.1816	3.7965	0.2634
Brazil real	2.5337	0.3947	1.7465	0.5726
Canada dollar	1.5013	0.6661	1.0349	0.9663
1-mo. forward	1.5013	0.6661	1.0349	0.9663
3-mos. forward	1.5014	0.6661	1.0349	0.9663
6-mos. forward	1.5015	0.6660	1.0350	0.9662
Chile peso	714.49	0.001400	492.50	0.002030
Colombia peso	2856.16	0.0003501	1968.75	0.0005079
Ecuador US dollar-f	1.4507	0.6893	1	1
Mexico peso-a	18.5344	0.0540	12.7758	0.0783
Peru sol	4.1281	0.2422	2.8455	0.3514
Uruguay peso-e	28.507	0.0351	19.650	0.0509
U.S. dollar	1.4507	0.6893	1	1
Venezuela bolivar	3.77	0.265447	2.60	0.385097
ASIA-PACIFIC				
Australia dollar	1.5723	0.6360	1.0838	0.9227
China yuan	9.9038	0.1010	6.8267	0.1465
Hong Kong dollar	11.2520	0.0889	7.7560	0.1289
India rupee	66.1615	0.0151	45.6050	0.0219
Indonesia rupiah	13311	0.0000751	9175	0.0001090
Japan yen	132.40	0.007553	91.26	0.010958
1-mo. forward	132.37	0.007554	91.24	0.010960
3-mos. forward	132.33	0.007557	91.22	0.010963
6-mos. forward	132.23	0.007562	91.15	0.010971
Malaysia ringgit-c	4.8546	0.2060	3.3463	0.2988
New Zealand dollar	1.9614	0.5098	1.3520	0.7397
Pakistan rupee	123.096	0.0081	84.850	0.0118
Philippines peso	66.495	0.0150	45.835	0.0218
Singapore dollar	2.0150	0.4963	1.3890	0.7200
South Korea won	1632.67	0.0006125	1125.40	0.0008886
Taiwan dollar	46.112	0.02169	31.785	0.03146
Thailand baht	47.926	0.02087	33.035	0.03027

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.6893	1.4508
1-mo. forward	1.0001	0.9999	0.6893	1.4507
3-mos. forward	1.0002	0.9998	0.6894	1.4504
6-mos. forward	1.0006	0.9994	0.6897	1.4499
Czech Rep. koruna-b	26.199	0.0382	18.059	0.0554
Denmark krone	7.4402	0.1344	5.1285	0.1950
Hungary forint	267.34	0.003740	184.28	0.005427
Norway krone	8.1847	0.1222	5.6417	0.1773
Poland zloty	4.0602	0.2463	2.7987	0.3573
Russia ruble-d	42.875	0.02332	29.554	0.03384
Sweden krona	10.2060	0.0980	7.0350	0.1421
Switzerland franc	1.4785	0.6764	1.0191	0.9813
1-mo. forward	1.4782	0.6765	1.0189	0.9814
3-mos. forward	1.4776	0.6768	1.0185	0.9818
6-mos. forward	1.4766	0.6772	1.0178	0.9825
Turkey lira	2.1072	0.4746	1.4525	0.6885
U.K. pound	0.8920	1.1211	0.6149	1.6264
1-mo. forward	0.8922	1.1208	0.6150	1.6261
3-mos. forward	0.8925	1.1204	0.6152	1.6254
6-mos. forward	0.8930	1.1198	0.6156	1.6245
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5469	1.8284	0.3770	2.6526
Egypt pound-a	7.8805	0.1269	5.4321	0.1841
Israel shekel	5.3351	0.1874	3.6775	0.2719
Jordan dinar	1.0268	0.9739	0.7078	1.4129
Kuwait dinar	0.4152	2.4085	0.2862	3.4941
Lebanon pound	2179.75	0.0004588	1502.50	0.0006656
Saudi Arabia riyal	5.4410	0.1838	3.7505	0.2666
South Africa rand	10.7635	0.0929	7.4193	0.1348
United Arab dirham	5.3286	0.1877	3.6730	0.2723
SDR -f	0.9199	1.0870	0.6341	1.5770

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
53	**ASIA-PACIFIC**	**DJ Asia-Pacific**	127.48	-1.75	**-1.35%**	3.6%	40.3%
...	Australia	**SPX/ASX 200**	4868.13	-31.39	**-0.64**	-0.1	32.0
...	China	**CBN 600**	28163.52	-804.08	**-2.78**	-3.1	76.1
21	Hong Kong	**Hang Seng**	21748.60	-578.04	**-2.59**	-0.6	58.7
20	India	**Sensex**	17509.80	87.29	**0.50%**	0.3	86.9
..	Indonesia	**Jakarta Composite**	2632.872	-26.679	**-1.00**	3.9	89.8
...	Japan	**Nikkei Stock Average**	10735.03	-144.11	**-1.32**	1.8	27.2
...		**Topix**	944.02	-10.11	**-1.06**	4.0	15.2
...	Malaysia	**Kuala Lumpur Composite**	1289.51	-3.34	**-0.26**	1.3	41.2
...	New Zealand	**NZSX-50**	3276.195	-14.096	**-0.43**	1.4	17.6
9	Pakistan	**KSE 100**	9784.85	6.49	**0.07**	4.2	61.7
15	Philippines	**Manila Composite**	3096.70	-8.92	**-0.29**	1.4	56.0
...	Singapore	**Straits Times**	2888.38	-27.73	**-0.95**	-0.3	63.7
11	South Korea	**Kospi**	1671.41	-27.23	**-1.60**	-0.7	41.3
20	Taiwan	**Weighted**	8196.56	-112.81	**-1.36**	0.1	81.3
10	Thailand	**SET**	746.74	1.50	**0.20**	1.7	69.9
50	**EUROPE**	**DJ Stoxx 600**	257.10	0.72	**0.28**	1.6	33.3
22		**DJ Stoxx 50**	2604.13	0.55	**0.02**	1.0	29.5
62	**Euro Zone**	**DJ Euro Stoxx**	278.05	0.55	**0.20%**	1.2%	31.4%
20		**DJ Euro Stoxx 50**	2978.91	2.02	**0.07**	0.4	29.6
19	Denmark	**OMX Copenhagen**	333.54	-0.24	**-0.07%**	5.7	43.6
20	Finland	**OMX Helsinki**	6565.52	34.18	**0.52**	1.7	26.1
20	France	**CAC-40**	4000.86	0.81	**0.02**	1.6	31.1
21	Germany	**DAX**	5963.14	20.14	**0.34**	0.1	34.8
16	Italy	**FTSE MIB**	23658.40	75.05	**0.32**	1.8	26.1
...	Netherlands	**AEX**	338.18	1.41	**0.42**	0.8	36.7
...	Russia	**RTSI**	1538.43	2.65	**0.17**	7.8	160.2
11	Spain	**IBEX 35**	11958.3	-7.8	**-0.07**	0.2	37.6
14	Switzerland	**SMI**	6554.55	12.65	**0.19**	0.1	21.9
...	Turkey	**ISE National 100**	54627.19	950.84	**1.77**	3.4	118.0
15	U.K.	**FTSE 100**	5473.48	-25.23	**-0.46**	1.1	30.9
22	**AMERICAS**	**DJ Americas**	302.79	0.32	**0.11**	2.1	43.1
...	Brazil	**Bovespa**	69904.86	-170.91	**-0.24**	1.9	83.3
...	Argentina	**Merval**	2310.81	40.32	**1.78**	-0.4	112.2
21	Mexico	**IPC**	32884.68	92.02	**0.28**	2.4	59.9

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.10%	22	**DJ Global Index**	232.98	-0.44	**-0.44%**	44.2%	-0.2%	-5.7%
		Global DOW	2026.09	-8.72	**-8.72**	42.1	-0.4	-1.8
2.28		**Asia/Pacific 600**	119.64	-1.81	**-1.81**	29.6	-1.5	-6.2
1.68	16	**Emerging Markets**	287.37	-1.99	**-1.99**	88.8	-0.7	5.2
2.08	53	**Asia/Pacific**	127.48	-1.75	**-1.75**	40.3	-1.4	-4.1
2.34	18	**Asia/Pacific ex-Japan**	321.83	-3.94	**-3.94**	79.2	-1.2	2.0
2.48	24	**Southeast Asia**	164.10	-1.63	**-1.63**	84.0	-1.0	3.5
0.84	29	**CBN China 600** -c	28163.52	-804.08	**-804.08**	76.1	-2.8	19.2
0.86	32	**Shanghai**	377.43	-10.81	**-10.81**	75.7	-2.8	19.5
0.58	46	**Shenzhen**	411.19	-7.67	**-7.67**	100.7	-1.8	26.0
2.21	19	**China Offshore 50**	4033.19	-127.71	**-127.71**	64.2	-3.1	7.9
7.45	10	**Australia LPT** -c, d	1158.16	2.63	**2.63**	9.5	0.2	-21.3

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.03%	16	**Islamic Market**	2023.10	-1.17	**-1.17%**	44.4%	-0.1%	-0.8%
2.33	16	**Islamic Market 100**	2164.55	0.88	**0.88**	31.2	...	-1.9
9.45	16	**Bahrain**	123.35	0.01	**0.01**	-16.9	...	-13.1
2.92	37	**Kuwait**	193.00	-0.85	**-0.85**	-3.8	-0.4	-17.0
2.53	21	**Sustainability**	1037.79	-0.66	**-0.66**	44.8	-0.1	-6.6
2.72	50	**Stoxx 600 -p**	278.41	-2.76	**-2.76**	40.3	-1.0	-8.1
4.74	17	**Stoxx Select Div 30 -p**	1853.80	-30.11	**-30.11**	39.6	-1.6	-20.2
3.98	23	**Euro Stoxx Sel Div 30 -p**	2206.20	-42.28	**-42.28**	44.8	-1.9	-15.5
1.71	32	**DJ U.S. TSM**	11732.58	16.20	**16.20**	38.0	0.1	-6.7
4.15	15	**U.S. Select Dividend -d**	662.40	3.41	**3.41**	24.7	0.5	-9.5
4.75		**U.S. REIT**	144.51	0.54	**0.54**	41.9	0.4	-19.0
		DJ-UBS Commodity -p	139.17	-2.84	**-2.84**	22.7	-2.0	-4.5

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.084	0.615	1.035	6.827	0.689	7.756	45.605	9175.15	91.260	1.352	1125.40	3.346	45.835	1.389	1.019	31.785	33.035
Australia	0.923		0.567	0.955	6.299	0.636	7.156	42.080	8465.91	84.206	1.247	1038.41	3.088	42.292	1.282	0.940	29.328	30.481
Britain	1.626	1.763		1.683	11.103	1.121	12.614	74.172	14922.47	148.425	2.199	1830.36	5.442	74.546	2.259	1.657	51.695	53.728
Canada	0.966	1.047	0.594		6.597	0.666	7.495	44.069	8866.17	88.187	1.306	1087.50	3.234	44.291	1.342	0.985	30.715	31.922
China	0.1465	0.159	0.090	0.152		0.101	1.136	6.680	1344.01	13.368	0.198	164.85	0.490	6.714	0.203	0.149	4.656	4.839
Euro	1.451	1.572	0.892	1.501	9.904		11.252	66.161	13310.85	132.395	1.961	1632.68	4.855	66.495	2.015	1.478	46.112	47.926
Hong Kong	0.129	0.140	0.079	0.133	0.880	0.089		5.880	1182.97	11.766	0.174	145.10	0.431	5.910	0.179	0.131	4.098	4.259
India	0.0219	0.0238	0.0135	0.0227	0.1497	0.0151	0.1701		201.19	2.0011	0.0296	24.68	0.0734	1.0050	0.0305	0.0223	0.6970	0.7244
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0099	0.0001	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0036
Japan	0.011	0.012	0.007	0.011	0.075	0.008	0.085	0.500	100.54		0.015	12.33	0.037	0.502	0.015	0.011	0.348	0.362
New Zealand	0.740	0.802	0.455	0.765	5.049	0.510	5.737	33.732	6786.40	67.500		832.40	2.475	33.902	1.027	0.754	23.510	24.434
South Korea	0.0009	0.0010	0.0005	0.0009	0.0061	0.0006	0.0069	0.0405	8.15	0.0811	0.0012		0.0030	0.0407	0.0012	0.0009	0.0282	0.0294
Malaysia	0.299	0.324	0.184	0.309	2.040	0.206	2.318	13.629	2741.92	27.272	0.404	336.32		13.697	0.415	0.305	9.499	9.872
Philippines	0.022	0.024	0.013	0.023	0.149	0.015	0.169	0.995	200.18	1.991	0.029	24.55	0.073		0.030	0.022	0.693	0.721
Singapore	0.720	0.780	0.443	0.745	4.915	0.496	5.584	32.834	6605.82	65.704	0.973	810.26	2.409	33.000		0.734	22.884	23.784
Switzerland	0.981	1.063	0.603	1.015	6.699	0.676	7.611	44.750	9003.19	89.550	1.327	1104.31	3.284	44.976	1.363		31.189	32.416
Taiwan	0.031	0.034	0.019	0.033	0.215	0.022	0.244	1.435	288.66	2.871	0.043	35.41	0.105	1.442	0.044	0.032		1.039
Thailand	0.030	0.033	0.019	0.031	0.207	0.021	0.235	1.381	277.74	2.763	0.041	34.07	0.101	1.387	0.042	0.031	0.962	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of January. 13, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	27	**ALL COUNTRY (AC) WORLD***	307.57	-0.66%	**35.1%**	35.1%
2.40	28	**World (Developed Markets)**	1,199.34	-0.65	**30.3**	30.3
1.80	117	**World Small Cap**	196.71	-1.04	**46.6**	46.6
2.50	23	**Kokusai (World ex-Japan)**	1,183.89	-1.01	**32.7**	32.7
2.90	28	**EAFE**	1,636.12	-0.25	**32.2**	32.2
2.00	20	**Emerging Markets (EM)**	1,021.18	-0.67	**80.1**	80.1
2.40	24	**AC ASIA PACIFIC EX-JAPAN**	429.63	-0.64	**73.7**	73.7
2.00	24	**AC Far East ex-Japan**	463.78	-0.13	**70.1**	70.1
1.70	-35	**Japan**	598.35	1.48	**12.9**	12.9
1.90	21	**China**	66.66	-0.28	**63.4**	63.4
0.80	40	**China A (China Domestic)**	3,357.95	1.62	**93.6**	93.6
2.60	24	**Hong Kong**	10,502.96	0.21	**60.2**	60.2
0.90	21	**India**	710.61	-0.52	**92.5**	92.5
1.00	17	**Korea**	482.51	0.49	**57.2**	57.2
2.40	20	**Malaysia**	478.28	-0.01	**48.9**	48.9
2.90	18	**Singapore**	1,626.40	-0.73	**63.2**	63.2
2.50	248	**Taiwan**	300.22	-0.32	**73.2**	73.2
2.90	19	**Thailand**	306.81	-0.08	**65.8**	65.8
3.70	26	**Australia**	1,007.06	-1.02	**31.6**	31.6
5.20	16	**New Zealand**	89.63	-0.41	**18.1**	18.1
1.80	33	**US BROAD MARKET**	1,261.00	-1.02	**28.4**	28.4
3.20	18	**EUROPE**	89.06	-0.93	**28.3**	28.3

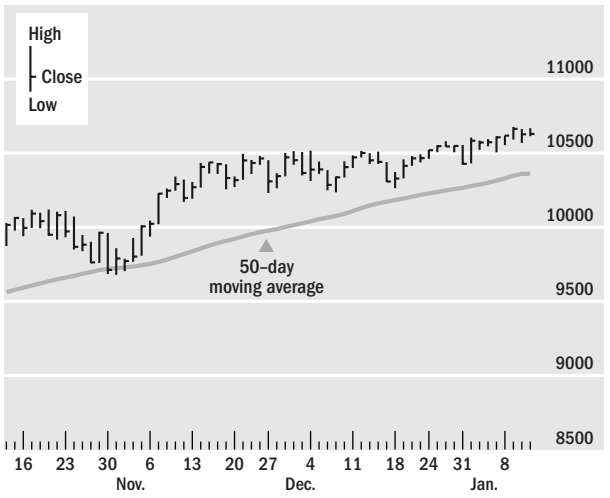
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 18

LAST: **10629.45** ▲ 2.19, or 0.02%
YEAR TO DATE: ▲ **201.40, or 1.9%**
OVER 52 WEEKS ▲ **2,429.31, or 29.6%**



Nasdaq Composite Index P/E: 48*

LAST: **2281.63** ▼ 0.68, or 0.03%
YEAR TO DATE: ▲ **12.48, or 0.5%**
OVER 52 WEEKS ▲ **791.99, or 53.2%**

S&P 500 Index P/E: 76

LAST: **1135.55** ▼ 0.67, or 0.06%
YEAR TO DATE: ▲ **20.45, or 1.8%**
OVER 52 WEEKS ▲ **292.93, or 34.8%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**16.30**	$26.73	-0.23	**-0.86%**
Alcoa	AA	**30.20**	15.80	0.28	**1.82**
AmExpress	AXP	**3.90**	42.05	0.03	**0.07**
BankAm	BAC	**81.20**	16.64	0.28	**1.71**
Boeing	BA	**2.10**	60.70	0.27	**0.45**
Caterpillar	CAT	**4.40**	62.19	-0.05	**-0.08**
Chevron	CVX	**4.80**	79.45	-0.96	**-1.19**
CiscoSys	CSCO	**15.20**	24.22	0.02	**0.08**
CocaCola	KO	**3.30**	57.11	0.23	**0.40**
Disney	DIS	**4.50**	31.21	0.39	**1.27**
DuPont	DD	**1.60**	34.29	0.29	**0.85**
ExxonMobil	XOM	**11.20**	69.55	-0.40	**-0.57**
GenElec	GE	**26.70**	16.79	0.02	**0.12**
HewlettPk	HPQ	**4.40**	51.67	-0.30	**-0.58**
HomeDpt	HD	**6.10**	28.17	0.19	**0.68**
Intel	INTC	**30.90**	20.75	0.14	**0.69**
IBM	IBM	**3.00**	130.26	-0.25	**-0.19**
JPMorgChas	JPM	**17.70**	43.95	0.46	**1.06**
JohnsJohns	JNJ	**4.80**	64.97	0.41	**0.64**
KftFoods	KFT	**11.00**	29.49	0.20	**0.68**
McDonalds	MCD	**2.90**	63.06	0.40	**0.64**
Merck	MRK	**13.00**	39.18	1.63	**4.34**
Microsoft	MSFT	**18.60**	30.24	0.17	**0.57**
Pfizer	PFE	**20.80**	19.02	0.25	**1.33**
ProctGamb	PG	**7.10**	61.47	0.58	**0.95**
3M	MMM	**1.10**	83.31	-0.74	**-0.88**
TravelersCos	TRV	**1.20**	49.12	0.27	**0.55**
UnitedTech	UTX	**1.60**	72.12	0.38	**0.53**
Verizon	VZ	**7.40**	31.71	-0.20	**-0.63**
WalMart	WMT	**4.20**	54.95	0.22	**0.40**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**175.0**	$3.56	$0.04	**1.14%**
BankAm	BAC	**82.9**	16.63	0.27	**1.65**
SPDR S&P 500	SPY	**69.2**	114.07	0.41	**0.36**
FordMotor	F	**65.6**	11.70	–0.17	**–1.43**
PwrShrs QQQ	QQQQ	**39.3**	45.89	0.11	**0.24**
SPDR FnclSelSct	XLF	**38.3**	15.15	0.14	**0.92**
Intel	INTC	**31.0**	20.75	0.14	**0.69**
Alcoa	AA	**31.0**	15.80	0.28	**1.80**
YRC Worldwide	YRCW	**28.5**	1.07	–0.03	**–2.73**
NexMed	NEXM	**28.2**	0.69	–0.05	**–7.04**
GenElec	GE	**26.9**	16.78	0.01	**0.06**
MGM Mirage	MGM	**25.1**	11.98	0.03	**0.25**
RegionsFin	RF	**22.0**	6.35	0.10	**1.64**
iShrMSCIEmrgMkt	EEM	**21.8**	42.36	–0.06	**–0.14**
DrxFinancBear 3x	FAZ	**21.7**	17.01	–0.47	**–2.69**

Biggest gainers...

Baidu ADS	BIDU	**8,045.1**	$436.03	$49.54	**12.82%**
AmtchSys	ASYS	**447.9**	11.87	1.34	**12.73**
NtlSecGp	NSEC	**5.4**	14.14	1.43	**11.25**
CapitlTr pfA	CBCA	**11.9**	3.13	0.31	**10.99**
BioTime Wt	BTIM%	**11.5**	3.10	0.30	**10.71**

...Biggest losers

Flanders	FLDR	**1,462.5**	$3.63	-$1.16	**-24.22%**
ResCare	RSCR	**528.6**	9.32	-2.05	**-18.03**
Ener1	HEV	**2,683.0**	5.12	-1.01	**-16.48**
BigFvSprts	BGFV	**867.5**	14.17	-2.34	**-14.18**
JcksnHewitt TaxSvc	JTX	**4,134.1**	3.85	-0.59	**-13.30**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$6.36	**Taiwan Semi**	TSM	**5,386.1**	$10.78	0.08	**0.75%**
4.24	1.65	**Utd Microelectronics**	UMC	**2,551.4**	4.07	-0.01	**-0.24**
82.74	33.09	**BHP Billiton**	BHP	**1,896.8**	79.42	0.45	**0.57**
13.30	6.25	**AU Optrncs**	AUO	**1,835.8**	12.57	-0.27	**-2.10**
59.22	40.20	**China Mobile**	CHL	**1,427.4**	49.93	0.92	**1.88**
8.19	3.78	**Siliconware Prec Ind**	SPIL	**1,388.4**	7.35	-0.01	**-0.14**
33.07	15.64	**Sony**	SNE	**1,255.4**	33.07	1.50	**4.75**
15.95	8.56	**China Unicom**	CHU	**1,007.3**	12.82	-0.15	**-1.16**
59.13	22.61	**Infosys Tech**	INFY	**927.9**	58.34	0.69	**1.20**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**921.0**	5.24	-0.05	**-0.95**
34.27	9.91	**Aluminum Cp of China**	ACH	**472.9**	31.29	-0.82	**-2.55**
25.65	5.11	**Yanzhou Coal Mining**	YZC	**443.7**	23.05	-0.25	**-1.07**
18.64	12.59	**SK Telecom**	SKM	**391.8**	17.23	0.08	**0.47**
150.50	47.09	**POSCO**	PKX	**353.2**	134.57	-0.78	**-0.58**
81.00	37.43	**China Life Ins**	LFC	**345.7**	71.62	-0.80	**-1.10**
7.74	2.00	**Alumina**	AWC	**309.5**	6.93	-0.02	**-0.29**
16.12	6.85	**Korea Elec Pwr**	KEP	**303.1**	15.95	0.26	**1.66**
26.67	17.71	**NTT**	NTT	**214.1**	21.49	0.63	**3.02**
43.95	21.23	**Canon**	CAJ	**207.3**	42.05	-0.63	**-1.48**
18.26	13.11	**NTT DoCoMo**	DCM	**196.9**	14.83	0.29	**1.99**
9.50	3.96	**Nomura Hldgs**	NMR	**179.7**	8.30	-0.08	**-0.95**
36.19	20.28	**Honda Motor**	HMC	**178.1**	36.17	0.30	**0.84**
19.56	15.05	**ChunghwaTel**	CHT	**169.7**	18.44	-0.09	**-0.49**
5.23	1.49	**Adv Semi Engrg**	ASX	**165.9**	4.79	-0.03	**-0.62**
135.92	63.94	**PetroChina**	PTR	**143.9**	126.36	-1.92	**-1.50**
16.60	10.60	**Matsushita Elec**	PC	**129.4**	15.97	0.26	**1.65**
12.19	2.00	**City Telecom**	CTEL	**125.6**	12.07	0.33	**2.81**
89.57	56.79	**Toyota Motor**	TM	**104.4**	88.88	-0.62	**-0.70**
4.07	1.50	**SemiMfgInt**	SMI	**93.4**	3.99	0.00	**0**
41.87	19.90	**Telekom Indonesia**	TLK	**92.0**	40.89	-0.18	**-0.44**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

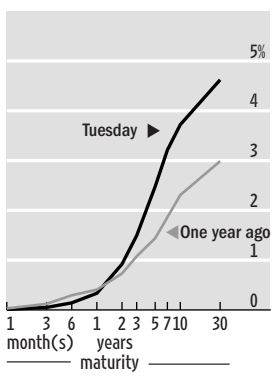
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.445%**	**351.8**	360.8	374.6	**198.3**	**4.515%**	4.563%	**2.734%**
4.500	10	**5.585**	**185.5**	196.0	202.9	**166.9**	**5.690**	5.577	**3.967**
5.000	**Austria** 2	**1.665**	**73.8**	70.6	17.8	**84.7**	**1.613**	0.995	**1.598**
3.900	10	**3.735**	**0.5**	1.6	-0.2	**160.3**	**3.746**	3.546	**3.901**
3.500	**Belgium** 2	**0.939**	**1.2**	3.7	32.1	**95.8**	**0.944**	1.138	**1.709**
4.000	10	**3.636**	**-9.4**	-10.4	7.8	**164.8**	**3.626**	3.626	**3.946**
1.250	**Canada** 2	**1.288**	**36.1**	38.1	43.8	**27.3**	**1.288**	1.255	**1.024**
3.750	10	**3.556**	**-17.4**	-17.1	-16.1	**41.9**	**3.559**	3.387	**2.717**
4.000	**Denmark** 2	**1.952**	**102.5**	112.1	128.5	**182.3**	**2.028**	2.102	**2.574**
4.000	10	**3.569**	**-16.1**	-15.4	2.9	**110.4**	**3.576**	3.577	**3.402**
1.500	**France** 2	**1.076**	**14.9**	19.0	40.2	**103.3**	**1.097**	1.219	**1.784**
3.750	10	**3.525**	**-20.5**	-21.0	-6.8	**119.2**	**3.520**	3.480	**3.490**
1.250	**Germany** 2	**1.211**	**28.4**	31.3	44.3	**75.5**	**1.220**	1.260	**1.506**
3.250	10	**3.300**	**-43.0**	-42.3	-34.2	**68.9**	**3.307**	3.206	**2.987**
0.550	**Hong Kong** 2	**0.598**	**-32.9**	-28.7	-44.9	**-21.9**	**0.620**	0.368	**0.532**
2.160	10	**3.006**	**-72.4**	-64.2	-115.5	**-87.4**	**3.088**	2.393	**1.424**
3.750	**Italy** 2	**1.413**	**48.6**	52.1	78.7	**189.3**	**1.428**	1.604	**2.644**
4.250	10	**4.079**	**34.9**	31.6	47.7	**210.3**	**4.046**	4.025	**4.401**
0.200	**Japan** 2	**0.168**	**-75.9**	-73.9	-63.7	**-36.6**	**0.168**	0.180	**0.385**
1.300	10	**1.345**	**-238.5**	-237.8	-226.2	**-105.6**	**1.352**	1.286	**1.242**
4.000	**Netherlands** 2	**0.732**	**-19.5**	-17.4	9.4	**122.3**	**0.733**	0.911	**1.974**
4.000	10	**3.473**	**-25.7**	-26.7	-8.5	**134.4**	**3.463**	3.463	**3.642**
3.200	**Portugal** 2	**1.134**	**20.7**	23.6	49.2	**137.8**	**1.143**	1.309	**2.129**
4.750	10	**4.059**	**32.9**	26.6	36.5	**181.3**	**3.996**	3.913	**4.111**
5.350	**Spain** 2	**1.371**	**44.4**	46.4	67.2	**106.7**	**1.371**	1.489	**1.818**
4.300	10	**3.955**	**22.5**	21.3	31.3	**167.9**	**3.943**	3.861	**3.977**
2.750	**Switzerland** 2	**0.618**	**-30.9**	-28.2	-42.9	**-23.7**	**0.625**	0.388	**0.514**
2.250	10	**2.046**	**-168.4**	-163.1	-163.8	**-8.2**	**2.099**	1.910	**2.216**
3.250	**U.K.** 2	**1.204**	**27.7**	26.9	41.3	**84.5**	**1.176**	1.230	**1.596**
4.500	10	**3.939**	**20.9**	18.7	30.4	**90.6**	**3.917**	3.852	**3.204**
1.000	**U.S.** 2	**0.927**	**...**	...	...	**...**	**0.907**	0.817	**0.751**
3.375	10	**3.730**	**...**	...	...	**...**	**3.730**	3.548	**2.298**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.623%**	16.17	0.33%	0.33%	0.33%	–21.31%
10-year Treasury	**3.722**	8.23	1.05	1.05	1.05	–8.03
7 Year Treasury	**3.212**	6.19	1.20	1.20	1.20	...
Five-year Treasury	**2.480**	4.63	1.03	1.03	1.03	–0.10
Ryan Index	**2.742**	6.68	0.80	0.80	0.80	–4.86
3 Year Treasury	**1.493**	2.93	0.72	0.72	0.72	1.92
Two-year Treasury	**0.920**	1.94	0.47	0.47	0.47	1.69
1 Year Treasury	**0.335**	1.00	0.15	0.15	0.15	1.15
Six-month Treasury	**0.142**	0.50	0.03	0.03	0.03	0.64
Ryan Cash Index-a	**0.135**	0.46	0.05	0.05	0.05	0.58
Three-month bill	**0.051**	0.25	0.01	0.01	0.01	0.37
One-month bill	**0.010**	0.08	...	...	...	0.14

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.50
Japan	**1.475**	1.475
Britain	**0.50**	1.50
ECB	**1.00**	2.50
Switzerland	**0.53**	0.52
Australia	**3.75**	4.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23313%**	0.32875%
Three month	**0.25125**	1.08250
Six month	**0.40000**	1.47125
One year	**0.90438**	1.74625

	Latest	52 wks ago
Euro Libor		
One month	**0.39875%**	2.26438%
Three month	**0.63250**	2.56125
Six month	**0.94563**	2.62738
One year	**1.21313**	2.69625
Hibor		
One month	**0.06000**	0.15071%
Three month	**0.12000**	0.79929
Six month	**0.23929**	1.10000
One year	**0.54929**	1.60000
Asian dollars		
One month	**0.2436%**	0.33%
Three month	**0.2606**	1.0875
Six month	**0.4150**	1.4500
One year	**0.9180**	1.7075

	Offer	Bid
Eurodollars		
One month	**0.2200%**	0.1200%
Three month	**0.2500**	0.1500
Six month	**0.3700**	0.2700
One year	**0.6500**	0.5500

	Latest	52 wks ago
U.S. discount	**0.50%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.12%**	0.28%
U.K. (BBA)	**0.507**	1.367
Euro zone	**0.30**	2.05

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Wednesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average
Japan 10735.03
▼ **1.32% or 144.11**

Steel and machinery stocks fell on fears that China's credit-tightening move will hurt demand. Nippon Steel fell 3.3%, JFE Holdings sank 5% and Komatsu slid 2.9%.

Stock	Volume in millions	Close	Change Net	Change %
JapanAirlines	**822.97**	7	–30	–81.08
Mizuho Financial	**166.31**	176	–1	–0.56
Mtshbsh Fin Grp	**138.83**	479	–9	–1.84
Sanyo Elec	**121.36**	159	–10	–5.92
MazdaMtr	**67.25**	241	4	1.69

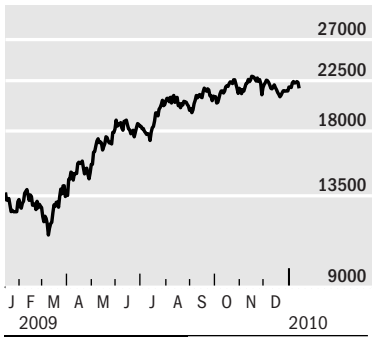
CBN 600
China 28163.52
▼ **2.78% or 804.08**

Banks and developers skidded after the central bank's move Tuesday to rein in credit. China Construction Bank slid 5%. Industrial & Commercial Bank of China fell 4.7%.

Stock	Volume in millions	Close	Change Net	Change %
United Network	**441.75**	7.62	0.08	1.06
Icbc	**393.95**	5.09	–0.25	–4.68
China Shipping	**310.85**	5.28	0.12	2.33
ChinaMinshengBkg	**289.55**	7.56	–0.35	–4.42
HaitongSecs	**236.15**	18.17	–0.98	–5.12

Hang Seng
Hong Kong 21748.60
▼ **2.59% or 578.04**

Developers and banks tumbled on the Chinese central bank's move. China Resources Land sank 6.6%, China Overseas Land slipped 4.7%, and Wharf (Holdings) fell 5.3%.



Stock	Volume in millions	Close	Change Net	Change %
Icbc	**855.22**	5.93	–0.22	–3.58
CCB	**776.62**	6.17	–0.25	–3.89
Bank Of China	**669.39**	3.99	–0.15	–3.62
ChinaPetroChem	**162.00**	6.66	–0.15	–2.20
PetroChina	**151.15**	9.75	–0.37	–3.66

Kospi
South Korea 1671.41
▼ **1.60% or 27.23**

Stocks linked to China's economy, such as shipbuilders and steelmakers, declined. Posco fell 4.5%. A weaker won against the dollar supported some exporters.

Stock	Volume in millions	Close	Change Net	Change %
Korea Data Sys	**45.89**	215	–20	–8.51
Samyang Optics	**14.24**	1,085	115	11.86
Hansol Homedeco	**11.63**	1,335	170	14.59
Kec	**9.83**	1,150	20	1.77
Kumho Ind	**9.00**	4,255	55	1.31

Asian stocks in the news

CNPC (HK)
Hong Kong HK$11.34
▲ **1.8% or HK$0.20**

Subsidiary PetroChina's first big refinery in southwestern China will start running in June.

		Daily	1 wk.	52 wks
Price-to-earnings ratio	**22**			
Earnings per share, past four quarters	**0.51**			
Dividend yield	**1.3**			
Oil & Gas		**-1.5%**	-0.9%	60.4%
CNPC (HK)		**1.8%**	3.3%	380.5%

Sony
Japan ¥2,998
▲ **2.8% or ¥82**

Analysts cited rising hopes for an earnings recovery after a solid U.S. Christmas shopping season.

		Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-94.60**			
Dividend yield	**0.8**			
Personal & Hshld Gds		**-0.6%**	3.4%	26.1%
Sony		**2.8%**	9.3%	43.4%

Nitto Denko
Japan ¥3,630
▲ **3.1% or ¥110**

Bank Of America Merrill Lynch raised the stock to "buy" from "neutral," citing improving earnings.

		Daily	1 wk.	52 wks
Price-to-earnings ratio	**19**			
Earnings per share, past four quarters	**189.90**			
Dividend yield	**1.1**			
Chemicals		**-1.7%**	0.9%	50.6%
Nitto Denko		**3.1%**	5.7%	105.3%

Foxconn Intl
Hong Kong HK$9.99
▲ **4.5% or HK$0.43**

The stock is up 54% since Nov. 27.

		Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-0.04**			
Dividend yield	**none**			
Technology		**-0.8%**	-0.7%	71.0%
Foxconn Intl		**4.5%**	-8.9%	217.1%

Acom
Japan ¥1,888
▲ **9.8% or ¥168**

Japanese consumer lenders surged again, apparently on continued short-covering by funds.

		Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-72.00**			
Dividend yield	**0.5**			
Financial Services		**-1.7%**	0.8%	51.1%
Acom		**9.8%**	12.4%	-43.1%

Nissin Foods Hldgs
Japan ¥3,025
▼ **4.6% or ¥145**

Morgan Stanley cut its target price on the stock to 3,000 yen from 3,360 yen.

		Daily	1 wk.	52 wks
Price-to-earnings ratio	**19**			
Earnings per share, past four quarters	**157.50**			
Dividend yield	**2.0**			
Food & Beverage		**-0.9%**	0.3%	41.8%
Nissin Foods Hldgs		**-4.6%**	-0.8%	6.1%

CNOOC
Hong Kong HK$12.52
▼ **5.0% or HK$0.66**

Declines in crude prices hurt the oil company's stock.

		Daily	1 wk.	52 wks
Price-to-earnings ratio	**17**			
Earnings per share, past four quarters	**0.74**			
Dividend yield	**3.2**			
Oil & Gas		**-1.5%**	-0.9%	60.4%
CNOOC		**-5.0%**	-3.8%	76.3%

JFE Hldgs
Japan ¥3,580
▼ **5.0% or ¥190**

Japanese stocks sensitive to the Chinese economy declined on China's central-bank move.

		Daily	1 wk.	52 wks
Price-to-earnings ratio	**69**			
Earnings per share, past four quarters	**52.10**			
Dividend yield	**0.4**			
Basic Resources		**-2.3%**	-0.6%	81.5%
JFE Hldgs		**-5.0%**	-4.3%	50.4%

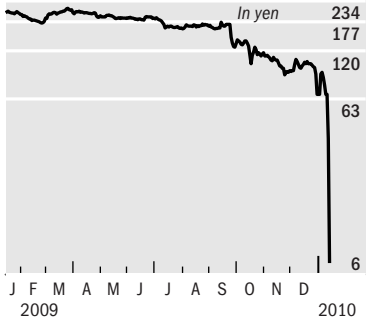
China Res Land
Hong Kong HK$15.60
▼ **6.6% or HK$1.10**

Chinese developers fell on concerns over the central bank's move to rein in credit.

		Daily	1 wk.	52 wks
Price-to-earnings ratio	**29**			
Earnings per share, past four quarters	**0.53**			
Dividend yield	**0.9**			
Real Estate		**-1.9%**	-0.9%	47.4%
China Res Land		**-6.6%**	-10.0%	64.2%

Japan Airlines
Japan ¥7
▼ **81.1% or ¥30**

Expectations grew that the airline will file for bankruptcy protection.



		Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-98.80**			
Dividend yield	**none**			
Travel & Leisure		**-1.1%**	1.0%	12.4%
Japan Airlines		**-81.1%**	-91.7%	-96.5%

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Google's watershed moment in China

There's little doubt this is a watershed moment for **Google.** By publicly contemplating a withdrawal from China, the company is showing it values its reputation for providing a secure service to users more than a leading position in a huge and growing market.

But is pulling out the right decision?

Near term, Google's internal agonizing will be soothed by the knowledge that China remains a small part of its global business. Google's China operations will contribute just 1% of its 2010 profit, Citi Investment Research says.

That has given ammunition to a flawed argument—that a Google exit would be a cynical retreat from a losing market position under the cover of ethical business. In truth, Google has been making substantial headway in China—taking its share of Internet search to roughly 36% in the fourth quarter of 2009 from 13% in 2006, data from research firm Analysys International show.

It's still a distant second to China's own **Baidu.com**, which has a share of about 58%, but Google's large slice of a virtual duopoly is a position most foreign companies in China would kill for.

When it comes to profits, as with many other companies, Google's presence in China—which boasts the world's most Internet users—is all about the long-term potential.

The firm would be sacrificing a strong position. For investors, the move would be a reminder of management's idealistic streak. Google sometimes has the air of a philanthropic foundation. As its founders said when the company went public, "we may do things that we believe have a positive impact on the world, even if the near-term financial returns are not obvious."

But it makes sense to live up to at least some of its IPO promises—and not just from an ethical perspective. Google, which relies on consumer trust given the huge amount of personal information it stores, needs to show it guards the data jealously and uses it judiciously.

Overall, the move is a depressing sign for foreign businesses in China.

Google's troubles tally with other recent trends that suggest the climate for foreign businesses is worsening. China's economic self-confidence after the global financial crisis seems to have encouraged a more aggressive stance to outside interests—be it the rejection of Coca-Cola's bid for juice maker Huiyuan, or the arrest of four Rio Tinto employees last summer.

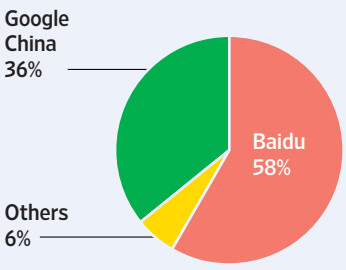
Perhaps China's leaders care little about Google. Its possible withdrawal leaves the field clear for Baidu.com and other homegrown Internet firms more willing to accept government curbs. In turn, the Internet in China will increasingly become an ever more pliable intranet.

No doubt such worries motivated those who left flowers outside Google's China offices Wednesday. For those outside China, Google's move may look like a stand for Internet freedom. For those within, its exit would be more than a step backwards for one foreign company.

—Andrew Peaple

In search we trust

Search-engine market share, in China, fourth quarter 2009



Source: Analysys International

Google's China headquarters in Beijing.

Associated Press

Japanese steel sees a future 'made in India'

Japanese steelmakers, facing a shrinking domestic market and increasing competition, are following their biggest customers to India—and they are digging in for the long haul.

The draw is straightforward. An expanding auto market, infrastructure building by New Delhi and new housing construction will add to already fast-rising steel demand, which CLSA analyst Jeremie Capron expects will rise 10% in the year ending March 2011.

The Japanese companies, which specialize in high-quality steel, have an edge with foreign car makers setting up shop in India. Already, Maruti Suzuki, controlled by Suzuki Motor, sells half the cars bought in India. Other overseas makers, including Toyota Motor, are ramping up production there.

The trick is in keeping that edge. Some auto makers are shifting away from expensive, imported Japanese steel and toward locally produced steel, which is substantially less expensive thanks to lower costs. Honda Motor said it will increase the use of Indian steel when making a new domestic subcompact, starting in 2011.

That means investment in local operations. A tie-up between Japan's JFE Steel and India's **JSW Steel**, announced last year, includes the transfer of some auto-sheet technology to the Indian company. JFE may also invest in JSW's new steel plant in east India.

More recently, Sumitomo Metal Industries said it might take a stake in a project, estimated to be valued at $4.4 billion, by **Bhushan Power & Steel**. Nippon Steel has formed an alliance with Tata Steel.

The tie-ups also provide a partner better able to deal with India's infamous red tape.

India won't be a short-term shot in the arm for the Japanese companies. Demand at home is flagging. One key customer for Japanese steel, South Korea, is expected to become a net exporter this year.

India poses risks, too. An investment boom that leaves the steel industry oversupplied could only add to the Japanese companies' problems. Still, it's worth the gamble.

—James Simms and Harsh Joshi

The power of the press lies with Federal Reserve

The U.S. Federal Reserve's blowout 2009 profit is no reason to cheer. Rather, it is a reminder of the dangers inherent in the extraordinary policies the central bank has pursued during the credit crunch.

Last year, the Fed earned $52.1 billion, with most of that from interest-payments on bonds that it bought during the year to shore up the economy and credit markets.

Anyone with access to printing presses could have racked up similar gains. But the Fed's purchases leave it exposed. Its assets are 43 times its capital, compared with 15 times at Goldman Sachs. As a result, its equity could be wiped out by just a 2.8% drop in the value of its Treasurys and securities issued by Fannie Mae and Freddie Mac. True, the Fed could hold on to those securities and ride out any losses, and retain earnings to boost capital, but what self-respecting central bank wants to risk a negative net worth?

Even the fact that the Fed is paying most of its profit to the Treasury isn't good news. It means the Treasury is paying almost no interest on a large slug of debt purchased by the Fed. That will chip away further at fiscal discipline.

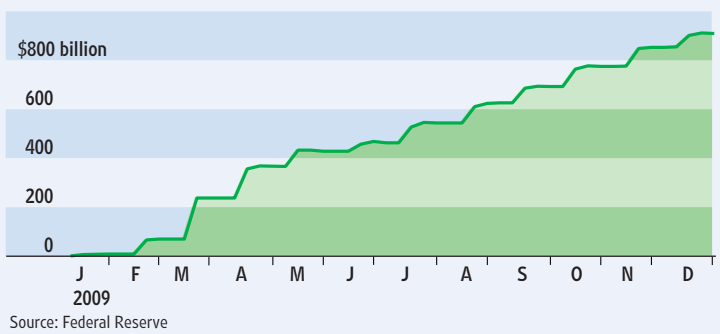
The Fed's asset purchases did help avert a possible depression. But they have also weakened the dollar, fueled frothy assets markets, and stopped long-overdue adjustments to the economy and financial system. They could also stoke inflation if maintained too long. If these cons start to obviously outweigh the pros, the Fed's policies could quickly be discredited. And since printing money is the last trick in its bag, its failure would take the central bank into dark, uncharted territory.

Something to think about as Fed cheerleaders compare the central bank's returns with those of Wall Street.

—Peter Eavis

Betting the house

Mortgage-backed securities held by the Federal Reserve



Source: Federal Reserve

U.K.'s dilemma: How to exit monetary easing during recession

The Bank of England's £200 billion ($323.31 billion) quantitative-easing experiment is drawing close to an end, with less than £10 billion left in the coffers to spend on government bonds. Policy maker Andrew Sentance says the point is approaching where enough stimulus has been introduced, suggesting the central bank could call a halt to its gilt purchases at its next monetary policy meeting in February.

That puts the U.K. in an unenviable position: While it is lagging other countries in emerging from recession, it seems set to be among the first to test market reaction to de facto monetary tightening.

The U.K. is hardly an ideal testbed for central-bank exit strategies. Its budget deficit of 13% this year is likely to be the highest of any major industrialized country, yet thanks to the Bank of England's £200 billion target for gilt purchases, net supply in the U.K. government-bond market has been effectively zero this year. No one knows what will happen to yields once the central bank's purchases end. Optimists can point to the U.S. Federal Reserve's announcement last month that it will halt purchases of mortgage securities this year, calmly received by the market. On the other hand, the European Central Bank's warning to banks not to rely on its liquidity facilities sparked volatility in government bonds.

In theory, withdrawing quantitative easing shouldn't disrupt the market. The Bank of England has argued that it is the stock of government-bond purchases, rather than the flow, that is the key to the success of the policy. But neither the gilt market nor at times the central bank itself appears to hold this view with any degree of conviction.

Of course, the Bank of England might yet decide to extend its purchases in February, seizing on any weakness in U.K. macroeconomic data to avoid taking such a contentious decision weeks before an election.

But with inflation persistently above the central bank's forecasts and set to climb well above its target this year, there are risks to continuing the policy, too.

Announcing a pause would give the Bank of England room to maneuver, although that message will need careful crafting if any resumption in gilt purchases is to be effective. Other central banks will be watching to see whether the U.K. can pull it off.

—Richard Barley

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